PART III – STATE PROFILE AND NEEDS ASSESSMENT

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This report provides a statewide assessment of housing and community development needs for the 2001 - 2005 State of Washington Consolidated Plan. The Needs Assessment is structured to examine the need for affordable housing and community development services throughout the entire state, and is based on an analysis of demographic, economic, housing stock trends for the state as a whole during the past 10 years. In addition, the statewide Needs Assessment included a series of consultations (see Appendix A) and a statewide survey of numerous local governments and service providers to identify high priority needs.

To assist the state of Washington with the Strategic Planning portion of the Consolidated Plan, as well as to better integrate the allocation of resources and services, this Needs Assessment also provides analysis at the county-by-county level. (see county profiles in separate volume). In addition to the Consolidated Plan, the data and analysis have been structured to assist with a range of strategic planning efforts and programs, including Community Service Block Grant Strategic Plans, various economic development initiatives, the WorkFirst program, and comprehensive plans.

Summary of Information Sources

The Needs Assessment relied on numerous studies and data sources as follows:

- Published and unpublished U.S. Census data
- Demographic estimates from Claritas, a private data vendor
- The Center for Real Estate Research at Washington State University
- Data published by the Office of Financial Management, state of Washington
- Key informant interviews with more than 35 service providers throughout the state
- Local Consolidated Plans
- Five Year Public Housing Strategic Plans
- Local Housing Needs Assessments
- Various special statewide studies of homelessness, infrastructure needs, local governance issues, substance abuse, mental disabilities, etc.
- A 2001 Community Survey conducted for this Needs Assessment.

A complete list of data sources in alphabetical order is included in Appendix B.

Demographic and Economic Trends

Population Characteristics

Growth

The population of the state of Washington has grown rapidly during the past ten years compared to the U.S. As shown below, Washington's population has grown 19.6 percent overall, compared to 10.4 percent for the nation as a whole. During the next 10 years, this rapid pace is expected to continue, with Washington's population forecast to grow 13.4 percent, compared to the U.S. growth of 8.9 percent.

Table 1: Population Growth 1990 - 2000

	1990 Population	2000 Population	% Increase
Washington	4,866,692	5,820,955	19.6 %
U.S.	248,765,000	274,650,000	10.4 %

Sources: U.S. Census, State Office of Financial Management 1999, Middle Series.

Table 2: Population Growth 2000 - 2010

	2000 Population	2010 Population	% Increase
Washington	5,820,955	6,602,713	13.4 %
U.S.	274,650,000	299,228,000	8.9 %

Sources: U.S. Census, State Office of Financial Management 1999, Middle Series.

However, the state's population growth has not been uniform across all geographic areas; as shown in Appendix C, population growth by county has varied substantially. For example, five counties grew by more than 35 percent during the decade, including relatively low-population counties such as San Juan and Jefferson, along with the highly populated Clark County adjacent to Portland, Oregon.

King County (which includes the City of Seattle) is the most highly populated county in the state, but grew relatively slowly during the decade, from 1.5 million in 1990, to an estimated 1.68 million in 2000, an increase of 11.4 percent.

Table 3: Household Growth 1990 – 1998

	1990 Households	1998 Households	% Increase
Washington	**1,872,404**	**2,210,949**	**18.1 %**
U.S.	**93,347,000**	**102,528,000**	**9.8 %**

Source: U.S. Census Bureau, 1999.

Household growth was also dramatic in the state compared to the U.S. Washington added almost 339,000 new households in the eight-year period shown above, an increase of more than 18 percent, compared to a U.S. rate of less than 10 percent growth for the period.

Rapid population and household growth are key indicators of housing demand, which, if under strong growth pressure as experienced by most parts of the state during the 1990s, can result in rapidly rising housing prices.

Age

The age profile for the state overall is similar to the U.S. (see Appendix C for data). The state's median age in 1990 was 32.5 years, compared to a U.S. median of 32.8 years. In keeping with the general aging of the nation's population (due to the large "boomer" population segment growing older during the decade as well as lengthening life spans), the median age in Washington increased by 2000 to 35.2 years, compared to the U.S. median of 35.8 years.

The distribution of age categories in Washington and the U.S. is also similar. In 1990, approximately 28.9 percent of the population were children aged 19 or under, compared to the 28.6 percent of the U.S. By 2000, this percentage increased to 29.3 percent for Washington, compared to 28.5 percent for the U.S.

Appendix C also shows the age distribution for each county in the state. Despite the state's overall similarity with the U.S., the concentration of children as a proportion of total population varies widely across counties. For example, Franklin and Adams County each had over 37 percent of its population falling in the age 19 and under population segment in 1999, contrasted with Jefferson and San Juan County, which each had less than 25 percent in the children age segment.

At the other end of the age spectrum, although the state overall has an elderly population concentration (age 65 and over) at 11.4 percent of total, the range of concentration varied from a high of 21.5 percent in Pacific County to a low of 8.6 percent in Whitman County. In total, 27 out of the 39 counties in the state had elderly population concentrations exceeding overall statewide proportions. It is likely that the counties with the more highly concentrated proportions of elderly face different types of housing needs than those with relatively fewer elderly households.

Ethnicity

The ethnicity of Washington's population differs from the U.S. overall (see Table 4). Caucasians comprise 88.7 percent of the state's population as compared with 82.3 percent for the U.S. African-Americans comprise 3.5 percent of the population in the state, compared to 12.8 percent nationwide. Indian/Eskimo/Aleutians and Asian/Pacific Islanders are both slightly more present in the state, at 1.9 percent and 5.9 percent respectively, compared to the U.S. at 0.9 percent and 4.0 percent, respectively. Another difference is that Washington has a smaller proportion of population of Hispanic origin (can overlap with any other racial category), at 6.2 percent of total, than the U.S., at 11.5 percent of total.

Tribes
The state is home to 27 Native American tribes, including more than 84,970 residents living on or near reservations that are considered as service populations. Table 5 provides a limited demographic and needs profile of the state's tribes; as indicated, unemployment rates range from 18 to 83 percent of each tribe's labor force, and many employed tribe members still live in households below poverty. Table 5 also provides summary data regarding housing unit condition and needs, with a total of 2,332 units reported as substandard, 1,649 of these requiring renovation, and 683 requiring replacement.

In addition to the recognized tribal population living on or near reservations, Washington State is home to Native Americans living in urban areas. Nationally, it is estimated that approximately 73 percent of Native Americans reside in urban areas, and do not receive services targeted to these populations. However, it should be noted that to the extent urban Native Americans are income-qualified or otherwise have special housing and social service needs, these groups are eligible to receive services based on those factors.

Table 4

Table 5

Household Characteristics

Household Size

Average household size in the state is slightly smaller than the U.S.; in 1998, the estimated average household size for Washington was 2.52 persons, compared to 2.61 persons for the U.S. Average household size has remained relatively constant through the 1990s in both the state and the U.S., reversing a trend seen in the 1980s of decreasing household sizes.

Table 6: Average Household Size

	1990 Avg. HH Size	1998 Avg. HH Size
Washington	**2.53**	**2.52**
U.S.	**2.63**	**2.61**

Sources: U.S. Census, "Estimates of Housing Units, Households, Households by Age of Householder, and Persons per Household: July 1, 1998," and 1990 U.S. Census, BAE 2000.

Household Income

Overall, the state of Washington compares favorably with the U.S. for median household income. Washington's median household income also started the decade at a higher level than the U.S., and grew substantially more rapidly.

Table 7: Median Income (in 1998 dollars)

	1989	1998	% Increase
WA Median HH Inc.	$40,048	$47,421	18.4%
US Median HH Inc.	$37,343	$38,885	4.1%

Sources: U.S. Census, BAE 2000.

Median household incomes by county are currently at widely varying levels and increased at dramatically different rates, as shown in Table 8 (and detailed in Appendix C). King County has the highest median household income of any county, estimated at $64,795 in 1999, compared to a statewide median of $47,897 in 1999. The only other counties with incomes above or just under the statewide median in 1999 were Snohomish and Clark. King County's median household income also increased the most rapidly during the 1990s, at a rate of almost 66 percent for the period. Pacific County has the lowest median income of any county in 1999, at only $24,569. However, Pacific County's median household income increased 17.0 percent for the period, a moderately strong increase relative to counties such as Adams, Columbia, and Ferry, all of which grew less than eight percent for the period.

As shown in Table 9, and detailed by ranking in Appendix C, the distribution of household incomes also varied widely across counties in the state in 1999. For example, for those households earning less than $5,000, the proportions of county households varied from a low of 1.7 percent in Snohomish to a high of 7.0 percent in Wahkiakum. Analyzed from a different perspective (see Appendix C), the proportion of households earning less than $15,000 varied from a high of almost 30 percent in Pacific County to a low of 9.5 percent in King. Out of 39 counties total, 22 had a concentration of over one-fifth of their total households falling below $15,000 per year.

At the other end of the spectrum, the proportion earning more than $100,000 per year ranged from a high of 21.1 percent in King to a low of 1.0 percent in Ferry County. Analyzing counties for incomes of $75,000 and above (see Appendix C), 15 out of the 39 counties had proportions of less than one-tenth of their households earning in this category.

Table 8

Table 9

Table 9 Continued

Senior Household Incomes
Analysis for this Needs Assessment also included income distributions for senior households, defined as those households headed by a person age 65 and over. Table 10 summarizes key findings for these households using a $25,000 threshold, which represents the “very low income” threshold (e.g., 50 percent of Area Median Income as defined by HUD for affordable housing programs) for a family of four in 16 out of the 39 counties.

Pacific, Columbia, and Garfield Counties all have a concentration of more than one-fifth of all households classified as senior and very low income, highlighting a probable strong need for affordable senior housing. Many of the counties also have a substantial number of senior households classified as “frail,” meaning headed by a person age 85 and over, which are also very low-income. This group has a high probable need for affordable assisted living, which provides services in addition to housing to assist those with personal care needs that tend to occur frequently in the over 85 age group.

Additional detail for income by age of household head is provided in Appendix C.

Poverty
Another measure of income that affects need for affordable housing is the rate of persons living at or below the federally defined poverty level. Table 11 provides data regarding these rates for Washington and its counties for 1990, 1995, and statewide estimates for 1998. Overall, the state had 530,469 persons living at or below the poverty level in 1990 (10.9 percent of total population), compared to 13.5 percent for the U.S. The rates for Washington and the nation remained relatively flat through 1995. Estimates for 1998 indicate a decrease in the proportion of persons living in poverty, with 8.9 percent of Washington State residents and 12.7 percent of the nation’s population at or below federal poverty levels.

More than 286,000 of the total number of persons living in poverty resided outside of the Seattle/Tacoma/Bremerton metropolitan area in 1995. For example, 48,947 persons in Spokane and 41,228 persons in Yakima County lived in poverty in 1995, accounting for approximately 15 percent of all such persons in the entire state. While Washington’s recent economic growth has likely reduced the percentage of persons in poverty, some rural areas have not benefited from the booming economy and continue to struggle to provide well-paying employment opportunities in their community.

Table 10

Table 11

Tenure

Tenure patterns for homeownership in the state have remained relatively strong throughout the 1990s. As shown in Table 12, the state began the decade with an ownership rate of 61.8 percent (including a rate of 64.8 percent for Seattle and its environs, which slightly exceeded the national rate). State ownership rates were somewhat lower than national rates in 1990, at 61.8 versus 63.9 percent, respectively.

By 1998, ownership rates had increased in the nation, the state, and the Seattle region. While the state still lagged the U.S. (64.9 percent compared to 66.3 percent ownership rate, respectively), the state's rate had jumped by 3.1 percentage points. Seattle's rate rose by 1.5 percentage points, matching the national rate by the end of the period.

Hom ownership rates in Washington are strongly correlated with household income, as shown in Appendix C. Among the lowest household income groups in 1990 (below $20,000 annually), more than half of all households rented their unit, while in the higher income brackets ($50,000 or more annually), over 80 percent of households owned-their housing unit.

Table 12: Homeownership Rates

	SEATTLE	WASHINGTON	U.S.
1990	64.8%	61.8%	63.9%
1991	65.0%	61.8%	64.1%
1992	64.1%	62.5%	64.1%
1993	64.5%	63.1%	64.0%
1994	63.4%	62.4%	64.0%
1995	61.0%	61.6%	64.7%
1996	62.5%	63.1%	65.4%
1997	63.1%	62.9%	65.7%
1998	66.3%	64.9%	66.3%

Note: Data for Seattle is for Seattle-Bellevue-Everett MSA.

Source: U.S. Census; BAE, 2000.

Employment

Total Employment

Total jobs in Washington grew at nearly twice the national rate between 1990 and 1998; state employment grew by 20.9 percent, as compared with only 10.7 percent nationally. In absolute numbers, the state added nearly 450,000 jobs during this time period. The number of employed persons is higher than the number of jobs, due in large part to out-commuting from Clark County to Oregon. As shown in Table 13, the total number of employed residents is projected to be approximately 2.96 million in 2000, an increase of 547,500 persons over 1990.

Four counties had employment growth rates exceeding 35 percent between 1990 and 1998, the highest being 44.0 percent in Grant County. The others were, in descending order, Clark County, Asotin County, and Wahkiakum County. Two counties, Grays Harbor and Ferry, actually lost employment, albeit less than two percent. King County's employment growth rate was slightly below that of the state, at 18.5 percent.

Table 13: Washington Labor Force and Employment 1990 – 2010

	1990 (a)	1995 (a)	2000 (b)	2005 (b)	2010 (b)
Labor Force	2,537,500	2,817,300	3,133,700	3,385,500	3,633,000
Total Employed	2,412,900	2,637,200	2,960,400	3,182,600	3,422,000
Unemployed	124,600	180,100	173,300	202,900	211,000
Unemployment Rate	4.9%	6.4%	5.5%	6.0%	5.8%

	Absolute Change		Avg. Annual Growth Rate	
	1990-2000	2000-2010	1990-2000	2000-2010
Labor Force	596,200	499,300	2.1%	1.5%
Total Employment	547,500	461,600	2.1%	1.5%

Notes:

a) Actual

b) Forecast

Sources: State of Washington, Office of Financial Management, 1999; BAE, 2000.

Unemployment

Unemployment in Washington rose from 4.9 percent in 1990 to 7.6 percent in 1992 and 1993, and dropped back to 4.8 percent in 1998. This roughly parallels national trends, although U.S. unemployment was slightly lower than the state in 1998, at 4.5 percent. State projections estimate that the annual average unemployment in 2000 will be 5.5 percent.

Several counties had very high unemployment (over 10 percent) relative to the state in 1998. These are, in descending order of unemployment, Pend Oreille (the highest at 12.1 percent), Columbia, Ferry, Klickitat, Okanogan, Adams, Yakima, Grays Harbor, and Skamania. The lowest unemployment rate was in Whitman County, at 2.0 percent. King County was the second lowest, at 3.1 percent.

Sectoral Employment

The mix of employment by sector in Washington is similar to nationwide, with services being the largest sector with about one-fourth of all employment, followed by retail trade, government, and manufacturing (see Table 14).

Table 14: Washington and U.S. Employment by Sector, 1998

	WASHINGTON		UNITED STATES	
Agriculture, Forestry & Fishing	94,726	3.7%	3,576,000	2.8%
Mining	3,252	0.1%	590,000	0.5%
Construction	133,803	5.2%	5,985,000	4.6%
Manufacturing	373,802	14.4%	18,772,000	14.5%
Transportation & Public Utilities	129,585	5.0%	6,600,000	5.1%
Wholesale Trade	148,159	5.7%	6,831,000	5.3%
Retail Trade	460,669	17.8%	22,296,000	17.2%
FIRE	131,806	5.1%	7,408,000	5.7%
Services	676,209	26.1%	37,548,000	29.0%
Government	441,415	17.0%	19,819,000	15.3%
Total	2,593,426	100.0%	129,425,000	100.0%

Source: BAE, 2000.

Together these sectors account for over three-fourths of the state's jobs. Services have also been the fastest-growing sector between 1990 and 1998, increasing by 43.2 percent (see Table 15). The only other sector growing faster than the overall rate of 20.9 percent was transportation and public utilities, which grew by 22.4 percent. Mining (the smallest sector as measured by employment) was the only sector that declined. Manufacturing employment was nearly unchanged, growing by only 2.0 percent.

Table 15: Washington Employment by Sector 1990 – 1998

	1990	1998	% Change 1990 – 98
Agriculture, Forestry & Fishing	82,640	94,726	14.6%
Mining	3,681	3,252	-11.7%
Construction	112,484	133,803	19.0%
Manufacturing	366,442	373,802	2.0%
Transportation & Public Utilities	105,913	129,585	22.4%
Wholesale Trade	125,155	148,159	18.4%
Retail Trade	387,041	460,669	19.0%
FIRE	114,150	131,806	15.5%
Services	472,264	676,209	43.2%
Government	374,681	441,415	17.8%
Total	2,144,451	2,593,426	20.9%

Source: BAE, 2000.

This Needs Assessment explored the mix of agricultural and non-agricultural employment within each county and the change of this mix over time, to gain a better understanding of the variations in economic growth and decline. As shown in Appendix C, seven counties had more than 5,000 jobs in agriculture/forestry/fishing in 1998, including (in descending order): Yakima, King, Chelan, Grant, Benton, Okanogan, and Franklin. Of these counties with substantial agricultural or other natural resource employment, growth rates for this sector ranged from a rapid 18 to 64 percent (Chelan, Grant, Okanogan, Benton, and Franklin) to only a one to two percent increase for Yakima and King Counties. Appendix C also analyzes the concentration of the agricultural/forestry/fishing sector as a percentage of total employment in 1998 by county. As indicated, Douglas County had the highest concentration in this sector relative to its total employment base, with 34 percent of Douglas County's jobs in this sector in 1998. Eleven other counties (Adams, Okanogan, Franklin, Grant, Chelan, Yakima, Klickitat, Walla Walla, Lincoln, Garfield, and Benton) had at least 10 percent of their employment base in this sector in 1998. Thus, many of these counties face the challenge of meeting economic development needs that accommodate resource-dependent industries.

Distressed Communities

The State of Washington, Employment Security Department calculates a "distressed community" designation to assist in economic development planning and fund targeting. These communities are defined as counties with average unemployment rates for a three-year period that exceed the state average by 20 percent. For the period from 1993 through 1995, this means that counties with an average unemployment rate of 8.2 percent or higher were considered distressed, and for the period from 1996 to 1998, those with an unemployment rate of 6.4 percent or higher. As shown in Table 16, 21 out of 39 counties in the state were considered "distressed" in the early 1990s, with unemployment rates ranging from 8.6 percent in Mason County to 13.7 percent in Ferry County (statewide unemployment averaged 6.8 percent for the same period). For the 1996 to 1998 period, the number of distressed counties increased to 26, including all 21 of the counties from the prior period, along with the addition of Benton, Douglas, Jefferson, Wahkiakum, and Walla Walla.

This increase in distress is one of the key paradoxes facing Washington State at the present time. Despite the high population growth in the state as whole, and the strong rates of overall employment growth, numerous areas of the state are nevertheless experiencing a relative economic decline. Key informant interviews conducted throughout eastern Washington highlighted this finding as well, underscoring the difficulty in developing "one size fits all" housing and community development strategies for the state.

Table 16: Distressed communities

Housing Market Conditions

Housing Stock

As the state population increased during the 1990s, its housing stock also grew. As shown in Appendix D, Washington added 788,800 housing units between 1990 and 1999, including 437,599 single-family units, 229,100 multifamily units, and 86,100 manufactured homes/trailers/other. Table 18 analyzes the distribution and change in housing stock statewide in terms of these three types of housing units. In 1990, 65 percent of housing units were single family, almost 25 percent were multifamily, and just over 10 percent were manufactured homes. This mix changed due to additions and deletions statewide, so that by the end of 1999, the proportion of single family units had dropped to just under 63 percent, multifamily had increased to over 25 percent, and manufactured homes had increased to almost 12 percent of total housing stock. The trend toward increased multifamily concentrations would be expected in areas undergoing growth and urbanization; however, the trend towards increased proportions of manufactured homes suggests a countertrend in some parts of the state. Counties such as Grant, Adams, and Klickitat experienced increases in manufactured home concentrations of more than seven percentage points. King County and Snohomish County trends reflect the typical urbanizing pattern, with increased multifamily concentrations of units, and flat or declining concentrations of mobile/manufactured homes.

Vacancy rate data are provided in Appendix D, and show that Washington overall tends to have a tighter housing market than the U.S. For example, rental unit vacancies in 1990 were 3.3 percent, considered by housing markets as below the "natural" rate of 4 to 5 percent (to allow for turnover and renovation), compared with a U.S. rate of 7.2 percent. By 1998, Washington's rental vacancies had increased to 6.2 percent, signaling a market in overall equilibrium or just slightly over supplied with rental units. This upward rental vacancy rate was also present in the U.S. as a whole, with 7.9 percent vacancies in 1998. Ownership vacancy rates have tended to hover just below one percent in Washington during the 1990s, compared with a rate of 1.5 to 1.7 percent for the U.S. On a county basis, rental vacancy rates are available for selected periods during the last five years from the Washington Center for Real Estate Research (see Appendix D). For 1999, rates varied from a low of 3.2 percent in Skagit County, to a high of eight percent in Spokane County.

Appendix D also provides data regarding statewide housing conditions, including age of units, percent boarded up, and percent overcrowded. The data is based on 1990 Census, and may change substantially with the collection of 2000 Census data. Overall, the state's age of housing stock (per 1990 data) is slightly newer than the U.S. Washington also had fewer boarded up units in 1990 than the nation. Overcrowding, defined by HUD as more than one person per room in a dwelling unit, was also more moderate in Washington than the U.S., with only 3.9 percent of the state's units considered overcrowded, compared to 4.9 percent for the U.S. However, it is important to note that this varied widely among counties, with Franklin, Adams, and Yakima showing severe overcrowding (above nine percent of total units overcrowded).

Table 17: Housing Stock Mix

Rental Rates

Obtaining consistent rental rates across counties in Washington is difficult, because most commercially available data is collected for the Puget Sound region, augmented by more recent data collection by the Washington Center for Real Estate Research for nine other counties in the state. To remain consistent across all counties, this Needs Assessment uses a different data source as a proxy for rental rates - HUD's Fair Market Rents (FMRs). These published rental rates are collected by sampling techniques and adjusted for inflation, bedroom size, and location. The FMR's are statistically derived so that they represent the fourth decile in a distribution of all market rental rates for a given area (e.g., just below median rent). As shown on Table 18, rents vary widely by county. Studio rents range from $315 to $478 per month, one bedroom rents range from $377 to $582 per month, and two-bedroom rents range from $490 to $736 per month. King, Island, and Snohomish have the highest rental rates, while many of the rural counties are at the lower end of the spectrum.

Sale Prices

Sale prices for ownership housing have seen relatively dramatic increases in the state during the past several years. Overall, the median home sale price increased from $136,600 in 1995 to $160,700 in 1998, an average annual rise of 5.6 percent. The U.S. experienced a slightly more moderate rate of sale price increase, with the median increasing 5.1 percent annually for the same period. However, it should be noted that the U.S. median price has been consistently lower than the state on an absolute dollar basis; the 1998 U.S. median sale price was $136,000, compared to Washington’s $160,700.

As shown in Table 19, the rates of increase vary among counties, with some of the most rapid price increases occurring in non-urban areas. For example, Cowlitz County's median home sale price rose more than 10 percent on an average annual basis (compounded). However, it should be noted that this price rise can be deceptive, because it describes the amount of increase, and in Cowlitz County's case, is applied to a beginning point median actual price of $85,000, which was among the lowest median prices per county in the state.

King County had the highest actual median sale price in 1999, at $206,500. However, San Juan County had the highest median price at the beginning of the decade (at $185,000), and the data indicates that San Juan's median prices have risen and then fallen again during the past few years, ending the period where they began. Counties where prices have remained relatively flat for the period (i.e., less than 1.5 percent annual increase) include Pend Oreille, Whatcom, Walla Walla, and Spokane.

Sale price changes for each county in the state are also mapped graphically in Figure 1, following Table 19.

Table 18: FMRs

Table 19: Median Sale Price Changes

Figure 1: Map of Sale price changes

Affordable Housing Needs

Housing Problems Including Excessive Cost Burdens
One of the key measures of affordable housing need is the comparison of a household's income with its housing cost. HUD defined "excess" cost burden as paying more than 30 percent of income on housing (including utilities in the case of rental housing).

Table 20A provides 1990 data for households with “housing problems” including overcrowding and excessive cost burdens for extremely low, moderate, and middle income households (income levels refer to Consolidated Plan definitions). The data is based on the U.S. Census, which is the most recent series of information that allows for this cross-tabulation between income, household size and type, housing costs, and other housing conditions. It should be noted that Table 20A provides data for all housing problems, as well as for two subsets of housing problems (e.g., cost burden and overcrowding). Census definitions include other housing problems, such as lack of indoor plumbing, although this condition was relatively rare in the 1990 Census. Moreover, it should be noted that the percentages of each category of housing problems are not necessarily mutually exclusive or additive; in other words, households could have both an excessive rent burden and overcrowding “housing problems.”

Statewide, 24 percent of households were considered to have cost burden problems (e.g., paying more than 30 percent of their income toward housing costs), including 9 percent of Washington's households paying more than 50 percent of their income toward housing. In particular, renters earning less than 30 percent AMI appear to have high housing cost burdens - more than 60 percent of these households paid more than half of their income toward rent.

To update these estimates, Table 20B shows the same percentages of each housing problem type applied to numbers of 1999 household estimates. As indicated, approximately 602,000 Washington households have a housing problem, including 76,300 households that are overcrowded, and almost 199,500 households paying more than 50 percent of their income for housing costs.

HUD Consolidated Plan guidelines require separate analyses of housing problems for ethnic minorities to pinpoint housing needs. As shown on Table 21, disproportionate need is defined as when a particular ethnic group has need that is 10 percentage points higher than the need for that income category of households as a whole. For this Needs Assessment, data to prepare Table 21 is based on the 1990 Census. In Washington, the disproportionate need definitions set forth by HUD result in a finding that none of the renter categories analyzed faced this situation; however, Black and Hispanic groups did experience a disproportionate need (e.g., high cost burden) among all income groups for owner households in 1990.

Table 20A: 1990 Housing Problems

Table 20B: 1999 Housing Problems

Table 21: Housing Problems by Ethnic Concentration

Current Affordable Housing Costs

To illustrate more current relationships between households incomes in relation to AMI and their ability to pay for housing, Appendix D provides a summary of various income thresholds and their maximum monthly housing payments affordable assuming no more than 30 percent of income is used for housing costs. The data are presented by county (using HUD-defined AMI standards that apply to each county) for a family of four.

Rental Affordability

To compare affordable housing costs by income category with market rents (Fair Market Rents will be used to maintain data consistency in this Assessment.), Table 22 presents the household income in each county for a family of four earning 50 percent of AMI as published by HUD, compared to Fair Market Rent (FMR) for that county for a two-bedroom unit. Those counties where the percentage of income to rent exceeds 30 percent can be considered as having an overall excess cost burden, signaling a need for additional affordable rental housing serving these income groups.

Interestingly, data suggest that statewide, the households earning 50 percent of AMI can just afford the statewide FMR. Counties where the income to rent are the most mismatched, signaling a cost burden and current housing need for affordable rental housing, include Whatcom, Clallam, Skagit, Benton, Franklin, and Yakima.

Ownership Affordability

The Washington Center for Real Estate Research (WCRER) has developed a Housing Affordability Index (HAI) for each county in the state (see Table 23). The index is constructed so that 100 indicates that there is a balance between a "middle income" family's ability to pay the cost of a median-priced house. Index figures above 100 indicate that the housing is more affordable to the middle income family, and figures below 100 indicate that the middle income family can not afford the median-priced house. As indicated in Table 23, most counties in Washington had indices above 100 for the third quarter of 1999 (last data reported). Counties with relatively unaffordable ownership housing in this latest data period included San Juan, Adams, and Jefferson. Counties that experienced a decline in their index between third quarter 1998 and third quarter 1999 (suggesting a downward trend in affordability) included Snohomish, Adams, Cowlitz, Kittitas, Pacific, San Juan, and Wahkiakum.

The WCRER also produces an HAI for first time homebuyers. The first time HAI measures the ability of a household earning 70 percent of the area median household income to afford a typical starter home that is 85 percent of the median selling price (see Table 23 A). The HAI for first time homebuyers has fluctuated between 60 and 66 indicating that for low-income households, home ownership is out of reach without some type of subsidy.

It is important to note that this analytical tool is only a rough approximation of the affordability of ownership housing in a market. It seeks to combine the variables of income, mortgage interest rates, and sale prices to track market conditions for the median or middle of the population spectrum, but does not provide a clear indication of housing affordability for households earning less than “middle” incomes in Washington.

Table 22: Rental index

Table 23: Affordability index

Table 23A: Ownership Housing Affordability Index for First-Time Home Buyers

Area	Housing Affordability Index for First-Time Buyers				
	3rd Quarter 1996	3rd Quarter 1997	3rd Quarter 1998	3rd Quarter 1999	Percent Change 1996-1999
Washington State	65.0	64.7	69.1	68.4	5.2%
Seattle-Tacoma-Bremerton CMSA					
Island County	63.3	67.8	76.6	70.1	10.7%
King County	60.0	63.0	63.9	61.9	3.2%
Kitsap County	75.9	78.5	73.2	76.6	0.9%
Pierce County	72.7	73.3	80.0	75.3	3.6%
Snohomish County	72.6	72.9	74.3	69.9	-3.7%
Thurston County	77.6	80.4	88.3	82.3	6.1%
Bellingham MSA					
Whatcom County	63.4	69.4	73.7	70.2	10.7%
Richland-Kennewick-Pasco MSA					
Benton County	92.0	112.1	114.8	104.0	13.0%
Franklin County	71.4	79.3	75.3	72.4	1.4%
Spokane MSA					
Spokane County	73.6	80.3	88.7	85.8	16.6%
Vancouver					
Clark County	75.3	78.1	85.1	84.1	11.7%
Yakima MSA					
Yakima County	65.8	73.6	77.9	78.0	18.5%
Non-MSA Region					
Adams County	66.8	79.0	75.9	63.2	-5.4%
Asotin County	77.6	90.4	96.0	88.1	13.5%
Chelan County	57.8	61.6	72.6	72.4	25.3%
Clallam County	65.1	69.0	70.8	70.9	8.9%
Columbia County	N/A	N/A	N/A	N/A	N/A
Cowlitz County	86.0	88.3	77.0	79.6	-7.4%
Douglas County	64.6	63.9	70.3	72.3	11.9%
Ferry County	71.8	55.2	80.8	81.7	13.8%
Garfield County	82.7	82.8	83.3	86.8	5.0%
Grant County	63.1	82.0	80.9	64.6	2.4%
Grays Harbor County	103.2	96.5	84.8	95.5	-7.5%
Jefferson County	49.3	59.4	60.7	50.3	2.0%
Kittitas County	67.9	83.5	65.2	58.8	-13.4%
Klickitat County	N/A	N/A	N/A	N/A	N/A
Lewis County	91.0	98.8	102.1	98.8	8.6%
Lincoln County	N/A	N/A	N/A	N/A	N/A
Mason County	76.5	87.1	79.7	84.9	11.0%
Okanogan County	N/A	N/A	N/A	N/A	N/A
Pacific County	95.6	78.2	88.0	80.0	-16.3%
Pend Oreille County	76.4	71.0	70.8	75.4	-1.3%
San Juan County	49.7	53.7	57.4	47.0	-5.4%
Skagit County	64.0	64.1	70.5	64.5	0.8%
Skamania County	N/A	N/A	N/A	N/A	N/A
Stevens County	82.2	88.2	97.5	82.6	0.5%
Wahkiakum County	83.9	57.1	98.5	68.8	-18.0%
Walla Walla County	63.7	81.3	86.4	77.9	22.3%
Whitman County	49.5	59.9	61.4	65.3	31.9%

Notes: Housing Affordability Index measures the ability of middle income family to carry the mortgage payments on a median price home. When the index is 100 there is a balance between the family's ability to pay and the cost. Higher indexes indicate housing is more affordable. First time buyer index assumes the purchaser has an income 70% of the median household income. Home purchased by first time buyers is 85% of area's median price. All loans are assumed to be 30 year loans. All buyer index assumes 20% downpayment. First-time buyer index assumes 10% down. It is assumed 25% of income can be used for principal and interest payments.

Affordable Housing Inventory

This section reviews the current inventory of affordable housing by funding source and by housing assistance agency. The inventory was developed primarily by funding source, which can lead to double counting of actual units because housing developers often use more than one funding source per project. In addition, the inventory does not include units assisted through locally funded programs. For more detailed information, Appendix E summarizes the estimated inventory of affordable housing assistance by program and by county.

Summary of Assisted/Affordable Housing Units by Fund/Agency

Fund/Agency	Units
Housing Trust Fund	18,800
Weatherization Program	30,862
USDA Rural Development	7,404
Washington State Housing Finance Commission	
Bond Financed Projects	7,400
Low-Income Housing Tax Credits	26,331
First Time Homebuyer Program	30,090
HUD-Assisted Public Housing Units	17,545
Other Public Housing Authority Units	120
Section 8 Project-Based Certificates	18,894
Section 8 Vouchers	7,704

Note: Due to the common use of multiple funding sources for a single unit, the amounts shown above double count an unknown quantity of units

Housing Trust Fund

OCD distributes its affordable housing resources through the Housing Trust Fund (HTF), which supports housing activities that include emergency shelter, supportive housing, farmworker housing, ownership housing, and group housing. From 1989 to 1999, the HTF assisted in the development of approximately 18,800 affordable housing units; 43 percent provided affordable family rental units, 13 percent served homeless populations, and 11 percent provided homeownership opportunities. The majority (61 percent) of HTF units assisted households earning between 31 percent to 50 percent of AMI (Very low-Income). The remaining distribution of housing units was split evenly between affordable housing units for extremely low-income households and units for low-income households. The distribution of HTF assisted units has been relatively consistent by county throughout the state; most counties had a majority of units that assisted low-income households with the remainder evenly split between extremely low and low-income households.

Weatherization Program

In its simplest description, the Weatherization Program makes energy efficiency improvements for low-income households. The program, however, has become much more. It still provides the critical energy conservation improvements that help low-income households reduce their energy bills, but it also contributes to OCD's goals to preserve existing and affordable housing stock and to provide a safe and healthy home to live in. The Weatherization Program uses an established network of community-based service providers that are trained and skilled at identifying problems, improvements, and corrections.

The Weatherization Program uses funds from the U. S. Department of Energy, Department of Health and Human Services, Bonneville Power Administration, capital funds, oil overcharge funds, and leveraged funds from utilities, municipalities, and landlords. There are an estimated 152,000 low-income households who live in homes in substantial need of energy efficiency (based on 1990 census at 125 percent of federal poverty guidelines), in conjunction with historical accomplishments since 1987. Many low-income households pay more than 25 percent of their income for home energy, compared with an average of 3 percent for medium- to high-income households. A recent evaluation of OCD's low-income weatherization program performed by Oak Ridge National Laboratory shows that it is a cost-effective program that, on average, results in an 18% (electricity) and 30% (gas) reduction in heating energy usage. Typical energy measures are added insulation, air leakage sealing, and heating systems repairs. And as an added bonus, energy efficiency measures also help preserve the home.

Many homes require more substantial repair or rehabilitation that is outside the scope of the Weatherization Program. These more substantial improvements are funded by the Minor Home Repair Program (MHRP), which has assisted ***700*** households since the program's inception in 1992. The Housing Division estimates that at least 165,000 homes occupied by low income households are structurally unsound or pose significant health and safety hazards to their residents. These homes, if not repaired or rehabilitated, could be lost from the already scarce affordable housing market. Repairs to electrical and plumbing systems, furnaces and roofs are examples of work performed in the MHRP**.** The number of MHRP assisted units is limited by available financial resources.

United States Department of Agriculture (USDA), Rural Development

The USDA Rural Development program offers loans, grants, and loan guarantees to rural areas within Washington. Rural Development currently has three housing assistance programs: the Farmlabor Housing Program (Section 514), the Rural Rental Housing Guaranteed Loan Program (Section 538), and the Rental Rural Housing Program (Section 515). The Farmlabor Housing Program targets assistance to farmworkers, while the other two programs assist general affordable housing needs for communities smaller than 20,000 residents.

USDA housing programs have assisted in the development of 7,404 affordable housing units in Washington State as of 1999. Only 869 of those units were developed to target farmworkers and their families, while over 3,287 housing units targeted elderly households in rural communities. The remaining 3,248 units were mixed or built to accommodate families with children. More than half of the total USDA assisted units are located in non-metropolitan areas. Snohomish, Yakima, Skagit, and Grant Counties had the greatest number of USDA assisted units among the 39 counties.

Washington State Housing Finance Commission

The Washington State Housing Finance Commission (the "Commission") is a publicly accountable self-supporting team dedicated to increasing housing access and affordability and to expanding the availability of quality community services for the people of Washington. The goals of the Commission are to provide effective, low-cost financing for affordable housing and nonprofit facilities. The Commission's statewide policy is directed by a Housing Finance Plan that assesses affordable housing needs and targets program efforts to support identified needs. The Housing Finance Plan is revised every two years. The Commission's financing services are delivered through the following programs.

The Low-Income Housing Tax Credit Program (LIHTC)

The Washington State Housing Finance Commission's LIHTC Program has helped to build 20,080 affordable housing units for low-income households. Nearly a quarter of those units (23 percent) have been targeted to serve special needs populations such as the homeless, elderly, disabled, and large households (four or more persons) earning between 41 and 60 percent of AMI, resulting in development of approximately 17,500 units to date (67 percent of LIHTC units financed to date). The remaining 11 percent serve households earning between zero and 40 percent of AMI. A chart displaying Washington State tax credits placed in service by county can be found in Appendix E-5.

The Commission has awarded approximately $750 million in credit to projects in 34 of the state's 39 counties. The current allocation system favors smaller and more rural projects, projects serving special-needs populations, and projects targeting the lower economic scale for the state. While the program has always been point driven with its allocation criteria, a new approach taken in the 1998 and 1999 allocation periods required that the project sponsor provide a narrative on the relative need for the proposed project in the community. A revision was made to the program year 2000 application that expanded the narrative portion of the application to better describe the proposed project and provide justification for the project as proposed. Further changes will be made to the program 2001 application that not only will require the narrative portion but will require a market needs study if the proposed project lies within a defined "impacted" area as determined by the Commission. A statewide market needs study will be completed that will define those areas in the state as impacted. Impacted could include overbuilding of a particular type of housing such as for the elderly or large-households or overbuilding of multifamily housing in general in an area. The market impact component and the allocation criteria will be evaluated together to help target the tax credit resource to areas of need.

In response to state housing priorities, the Commission also changed its 1999 allocation criteria to include additional public policy points for farmworker housing projects. Five projects have been awarded credit for housing for farmworkers. These projects are located in the Yakima and Skagit Valleys.

The per capita amount for tax credit allocation has not increased since 1986 and has progressively lost value due to inflation. Currently there is legislation before Congress to increase the per capita amount of tax credit from $1.25 to $1.75 per capita and index the credit for inflation. With diminishing resources, shortage of affordable housing and the fierce competition for tax credits, passage of this legislation is paramount to respond to the increased demand for affordable housing. The Commission actively educates Washington State's congressional delegates about affordable housing issues in support of this effort.

Capital Projects

The affordable housing crisis can be attributed to a combination of factors, including a growing population, lack of affordability, and aging housing stock. The corresponding scarcity in available funding resources adds to the difficulty in developing and funding workable solutions. The Capital Projects Division addresses these needs by seeking solutions to extend limited resources by issuing bonds for multifamily rental housing and nonprofit capital facilities. The housing projects contain set-asides targeting households earning less than 35 to 80 percent of AMI, and have resulted in the development of approximately 7,400 affordable units. Of those, less than one percent were set aside for households earning below 35 percent of AMI. Approximately 72 percent of the total bond financed units were located within the Seattle – Tacoma – Bremerton Consolidated Metropolitan Statistical Area (CMSA), while less than five percent of the total bond financed units were located in non-metropolitan areas. This can be compared to the Office of Financial Management's population projections, which estimated that in 1999, 60 percent of the State's population resided in the Seattle – Tacoma – Bremerton CMSA and 17 percent resided in non-metropolitan.

Capital Projects address unmet needs within communities and targets resources by continually revising their bond cap application plan. The Capital Projects Division encourages the use of taxable bonds in combination with tax-exempt bonds. This financing strategy extends the benefits of tax-exempt financing to more developers. Taxable bonds issued thus far have added approximately 400 units to Washington's housing stock. Housing developers can also improve their competitive advantage in applying for tax-exempt bonds by agreeing to provide additional public benefit, such as making a donation to nonprofit housing organizations in their local communities. By encouraging donations to area nonprofit groups, multifamily apartment projects financed through Commission programs enhance the neighborhoods in which the housing is located. The Capital Project Division delivers financing through the following programs:

Housing for the Elderly – Washington State's care providers and housing developers have been national leaders in creating innovative housing that is sensitive to the needs of the elderly. With an elderly population expected to more than double in the next 25 years, coupled with the fact that Washington State contains the fourth fastest growing elderly population in the nation, housing for the elderly will be in critical demand for the citizens of the state. Future housing will be comprised of extensive communities with recreational and support facilities and include involvement with the neighborhoods as well as with concerned professionals. The Commission's Housing for the Elderly bond program enables developers to use tax-exempt financing to develop the full range of living options for the elderly. Options range from independent apartments to assisted living facilities and nursing homes. The projects must be, in whole or in part, available to low-income individuals.

Nonprofit Program – The nonprofit program provides tax-exempt financing for rental housing for low-income and special needs populations and for capital projects developed and owned by nonprofit organizations. Because nonprofit bonds are not debited against the state bond volume cap, this program has helped build and strengthen communities without using the state's limited bond volume cap.

Private Activity Bond Program – This program provides tax-exempt financing using the bond volume cap at below-market interest rates to finance the new construction or the acquisition and rehabilitation of housing projects which are set-aside for low-income families and individuals.

Streamlined Tax-Exempt Placement Program (STEP) – This program is a financial tool designed to enable smaller projects to take advantage of tax-exempt financing. The program uses standardized documents to limit costs. STEP can be used for any project eligible for the Private Activity Bond Program, Housing for the Elderly and the Nonprofit Bond Programs

Homeownership
House Key: First-Time Homebuyer Program – The Housing Finance Commission offers below-market rate loans to first-time homebuyers. By issuing tax-exempt Mortgage Revenue Bonds, the Commission reduces mortgage costs for low- and moderate-income borrowers who would be unable to purchase a home without this assistance. The benefit of a lower interest rate provides borrowers with either added purchasing power or a lower monthly payment. From fiscal year 1996-97 to fiscal year 1998-99, the Housing Finance Commission assisted 3,491 households in achieving homeownership. Approximately 53 percent of those households earned between 51 to 80 percent of AMI, and 27 percent earned between 81 to 100 percent of AMI. Less than 15 percent of the households assisted earned below 50 percent of AMI. The First-time homebuyer program has increased the number of households it has assisted within the last three fiscal years. In fiscal year 1996-97, the program assisted 1,016 households. There is an emergent trend within this program of assisting a greater proportion of low-income households. In fiscal year 1998-99, the percentage of loans made to borrowers below 50 percent of AMI has doubled and 80 percent of House Key loans during this period were made to borrowers earning below 80 percent of AMI.

The Homeownership Division strategically assesses unmet homeownership needs and responds to special-needs markets by developing niche homeownership programs. In general, borrowers need down payment assistance, lower down payment programs, and loan underwriting flexibility. The Commission partners with lenders and the secondary mortgage market to develop innovative programs. Current special programs include:

House Key Plus - The House Key Plus program helps potential borrowers with a 5 percent interest rate second mortgage of up to $5,000 to cover a portion of the down payment and closing costs. The loan term on the second mortgage is ten years with an average second mortgage monthly payment of $15.00.

HomeChoice - More than a decade after the Americans with Disabilities Act was signed into law, only a small fraction of the 45 million Americans with disabilities are homeowners. While nearly two out of three Americans own their own home, less than 5 percent of the 8 million working-age adults with disabilities who rely on Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) are homeowners. There is a growing recognition that institutional settings for people with disabilities are often inappropriate, overly restrictive, and unnecessarily costly. People with severe disabilities are increasingly moving out on their own, working, and making decisions about where and with whom they will live. The idea that many people with disabilities can buy a house and live independently reflects a new vision for people with disabilities, their family members, the social service delivery system, and others advocating on their behalf, as well as for the housing finance industry, that is now serving this population at greater levels. Nine percent of Washington State's population is comprised of people with disabilities, many of whom want to own their own home.

The HomeChoice loan program is a loan program for people with disabilities or family members who have a disabled dependent. The Housing Finance Commission blends its low-interest rate House Key loan, $15,000 in a payment-deferred second mortgage, and Fannie Mae's flexible HomeChoice underwriting guidelines for people with disabilities. Flexibilities include lower borrower contributions to the down payment, deferred-payment second mortgages and, depending upon their income, the ability to have a one debt-to-income ratio of 50% and the ability to qualify based upon a budget worksheet. Borrowers receive one-on-one homebuyer education training and work closely with Commission-certified service providers to navigate them through the homeownership process. The Commission is the lead of a 17-member coalition comprised of lenders, state agencies, service providers, and disability advocates. The coalition evaluates and makes enhancements to the program. Washington State is the most active coalition in the Nation and has made over 127 loans to people with disabilities.

The Commission has recently enhanced HomeChoice by integrating a grant from the Federal Home Loan Bank to assist disabled borrowers in rural areas with down payment assistance. This new down payment assistance program is called House Key Extra and its primary benefit is a forgivable second mortgage if the borrower remains in the home for five years.

Open Door Program – Insufficient funds for a down payment is the number one impediment for potential borrowers. The Open Door Program is a second mortgage program offering down payment and closing cost assistance to first-time homebuyers. The Housing Finance Commission partners with Fannie Mae, King County, and the City of Tacoma to offer the program. Borrowers are eligible to borrow $5,000 and lower income buyers receive a reduced interest rate on the second mortgage. The fifteen-year fully amortizing loan can be used with any traditional or government first mortgage. Borrowers cannot use House Key first mortgage financing with this program. The funds are made available to borrowers through local mortgage lenders.

CRA Rural Homeownership Program – This program assists low-income individuals and families living in rural areas to purchase homes. Lower incomes and seasonal employment are unique challenges to working families in rural communities compared to urban families. This program offers more flexible underwriting guidelines than other conventional homeownership programs. The Rural CRA Homeownership Program is the first of its kind in the state and nation offering a substantially lower interest rate on a 30-year fixed rate home mortgage and up to $5,000 in down payment assistance. The program is designed to help lenders achieve their Community Reinvestment Act goals, increase homeownership opportunities for lower-income households, and encourage rural housing development without using any government subsidies or grants or impinging on the state's bond volume cap.

Homebuyer Education Program – The Homebuyer Education Program connects potential borrowers with critical information about purchasing and maintaining a home. Research proves that borrowers who receive homebuyer education prior to buying a home are less likely to default on their mortgage. The seminars provide free training to potential first-time homebuyers and are five hours in length. The program was implemented by the Commission in 1991 and is based on a model developed by Fannie Mae and Mortgage Insurance Companies. Since the program's inception, the Commission has conducted more than 3,030 seminars statewide and educated over 48,351 potential homebuyers. The seminars discuss pre-and post-purchase information and emphasize the importance of budgeting and a good credit history. The seminar is mandatory for all House Key borrowers. Interpreters and classes conducted in foreign languages are available to non-English speaking or hearing-impaired homebuyers. Commission-certified lenders and real estate professionals instruct the seminars.

The expanded program is funded in part by HUD through the SuperNOFA grant process. The Commission also distributes funds to other organizations providing homebuyer education counseling. For example, the Commission teamed with AARP to train other organizations regarding Reverse Equity Mortgage Counseling and partnered with the National Consumer Law Center to provide training in default counseling.

Lender Certification Training – The homeownership division began lender certification training in 1993 with the purpose of training loan officers about the process of originating House Key loans. The training has resulted in expedited processing of House Key loans. The training program was expanded to include homebuyer education train-the-trainer instruction. The training is available to nonprofits and realtors augmenting their scope of services. Over 500 participants complete House Key training every year.

Section 8 Restructuring Preservation - Participating Administrative Entity

Approximately 19,000 HUD project-based Section 8 housing units could potentially be lost in Washington State as subsidy contracts and affordability restrictions lapse during the next decade. In response to this crisis, the Commission applied and was appointed to administer HUD's Mark-to-Market program and was designated by HUD as a Participating Administrative Entity (PAE). The Commission marks the rents down to market on these units as contracts expire and provides financial solutions to project owners that will ultimately preserve affordable housing. The Mark-to-Market Program preserves affordable housing stock at a cost significantly lower than the cost of creating new low-income housing units.

The Commission has restructured three Section 8 projects thus far and has been assigned additional 18 projects for restructuring. This will result in preserving 917 units of affordable housing.

First-Time Homebuyer Program

The Commission offers below-market rate loans to first-time homebuyers. By issuing tax-exempt Mortgage Revenue Bonds, the Commission reduces mortgage costs for low and moderate-income borrowers who would be unable to purchase a home without this assistance. The benefit of a lower interest rate provides borrowers with either added purchasing power or a lower monthly payment. From fiscal year 1996-97 to fiscal year 1998-99, the Commission assisted 3,491 households in achieving homeownership. Approximately 53 percent of those households earned between 51 to 80 percent of AMI, and 27 percent earned between 81 and 100 percent of AMI. Less than 15 percent of the households assisted earned below 50 percent of AMI. The First-Time Homebuyer program has increased the number of households it has assisted within the last three fiscal years. In fiscal year 1996-97, the First-Time Homebuyer program assisted 1,016 households; by fiscal year 1998-99, the First-Time Homebuyer Program was able to assist 1,445 households. There is an emergent trend within this program of assisting a greater proportion of low-income households. In fiscal year 1998-9, the percentage of loans made to borrowers below 50 percent of AMI has doubled and 80 percent of the House Key loans during this period were made to borrowers earning below 80 percent of AMI.

Washington State Public Housing Authorities

The HUD Offices of Public Housing in Seattle and Portland estimate that Washington State housing authorities provided affordable housing to approximately 51,500 households in 1999 through a combination of approximately 17,300 existing public housing units, 220 under construction public housing units, 15,300 Section 8 Certificates, and 7,700 Section 8 Vouchers. More than 37,000 units of these units were located within the Seattle/Tacoma/Bremerton CMSA.

Washington State housing authorities report on the characteristics of households residing in public housing to HUD for the Multifamily Tenant Characteristics System (MTCS).[1] Washington State housing authorities reported on 15,458 households in December of 1999. Out of those, approximately 48 percent lived in zero or one-bedroom units, and 47 percent lived in two or three-bedroom units. MTCS data indicated that approximately 74 percent of the total households in public housing earned less than 30 percent of median income; and 24 percent were receiving TANF or General Assistance. Approximately 28 percent of public housing households were 62 years old or older, and 30 percent were under 62 years of age with disabilities. Children represented a significant portion of public housing residents; MTCS reported that 41 percent of the total persons residing in public housing were under the age of 18.

MTCS also reports on households receiving assistance through Section 8 Certificates and Vouchers as administered by Washington State housing authorities. In December 1999, approximately 25,000 households being assisted through Housing Authority-administered certificate and voucher programs were included in the MTCS database. The majority of these households were receiving some form of federal assistance, including approximately 30 percent receiving TANF or General Assistance, and 50 percent receiving Social Security, Supplemental Security, or pension income.

An assessment of the condition of public housing authorities' assisted units was not available on a statewide basis for this Needs Assessment. However, the Public Housing Management Assessment Program (PHMAP) scores prepared by HUD for each housing authority do address housing conditions as part of their criteria. A high-scoring housing authority has excellent management systems in place, is financially sound, and has public housing units in good condition. A standard score means that the authority has a good management system, is financially sound, and does not have any units in poor condition. Of the 29 state housing authorities with reported PHMAP scores, only two were scored as "standard" (Yakima and Kitsap), while the remaining 27 were scored as "high."

In addition to the HUD-funded public housing units, many housing authorities access LIHTC, bond resources, and State Housing Trust Fund monies to develop affordable housing within their jurisdiction. Based on an Association of Washington Housing Authority survey conducted for this Needs Assessment, housing authorities have developed an additional 9,471 affordable housing units using these combinations of funding sources.

[1] *Multifamily Tenant Characteristics System, Public Housing,* www.hud.gov/mtcs/public/rcr.cfm, HUD, December 1999.

Units At-Risk of Conversion

One of the primary issues facing affordable housing providers across the U.S. is the expiration of long-term HUD contracts with private property owners, which produced substantial numbers of affordable units in the 1960s and 1970s. These contracts typically involved below market financing and project-based Section 8 certificates, and are at risk of conversion to market rate rental housing as the contracts expire or reach a mortgage pre-payment "opt out" period.

According to HUD and the Washington Low-Income Housing Network, there are approximately 18,890 privately-owned units with project-based Section 8 assistance in the state, as well as 120 units in four projects which utilized Section 221 and Section 236 financing but do not have Section 8 rental assistance. From 1989 to 1999, approximately 1,431 units of this type were converted to market rate rental housing, resulting in a decreased supply of affordable housing stock. Although the Seattle/Tacoma/Bremerton CMSA represented approximately 58 percent of the total project-based Section 8 unit count, the area represented 69 percent of the total units converted to market from 1989 to 1999.

Table 24 summarizes the total current inventory of units at-risk of conversion, and the units already converted to market rental rates, by county. From 2000 through 2005, numerous units will be at-risk. The Washington Low-Income Housing Network studied the current inventory of Section 8 units and estimated their potential risk of conversion to market rate housing. In their extensive study, they reviewed the ownership status (non-profit housing organization, mortgage paid off, owner intends to opt out of program), the condition of the units (the project failed or passed physical inspection), and the nearby rental housing market (tight rental market, subsidy below 90 percent of market rents, non-tight market). Units were defined as at-risk of conversion when their contracts met one or more of the following criteria: (1) the owner intends to opt out, (2) the units are in a tight rental market, (3) the FMRs are less than 90 percent of market rents, (4) the project's mortgage is paid off, and/or (5) the project failed physical inspection. For this Needs Assessment, BAE added an additional factor of near-term expiration to the Washington Low-Income Housing Network's analysis to identify those units with contracts expiring by 2006. Based on these criteria, there are approximately 7,205 units at risk of being converted to market rate rental housing by 2005, almost one third of the existing inventory.

Along with these older HUD-funded affordable housing units, other subsidized projects may be at-risk of market rate conversion as their affordable restrictions expire. These types of units include those funded by the USDA and Low Income Housing Tax Credits (LIHTCs); some of the earliest projects developed under these programs may have affordability restrictions that expire over the next five years. However, key informants interviewed for this Needs Assessment indicated that the majority of these units will not lose their affordability restrictions within the next five years, but are likely to become at-risk after 2005.

Table 24: Units at Risk of Conversion

Homeless Assistance Needs

According to the McKinney Homeless Assistance Act of 1987, a homeless person "lacks a fixed, regular, and adequate night-time residence and; …has a primary night time residency that is: (a) a supervised public or private operated shelter designed to provide temporary living accommodations...(b) an institution that provides temporary residence for individuals intended to be institutionalized, or (c) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings."[2] HUD defines homelessness as "those living on the streets, in a place not meant for habitation, in inadequate housing, living in someone's else household without the guarantee of continuity, or in an emergency shelter; a person in transition or supportive housing for homeless persons who originally came from the street or an emergency shelter."

Many homeless persons are not easily recognizable. They are not necessarily unemployed, living in emergency shelters, or on the street. They often work in low-wage positions, or may have issues with mental health, drug dependency, or domestic violence. Many homeless adults have families with children. In addition to persons who are currently homeless, many more are at risk of becoming homeless.

Calculating the extent of homelessness in the state of Washington is difficult. The 1990 Census homeless count process was inherently flawed and is considered by most experts to be an under-representation of the homeless population. Other sources of need estimates are often made by homeless providers, who can give evidence of demand through the number served and the number on waiting lists. However, the total demand for homeless shelter and services fluctuates due to seasonal weather conditions, the lack of provider capacity to shelter homeless persons, and lack of funding to provide outreach to locate members of a population that may deliberately remain hidden. Moreover, because of the transient nature of homelessness, it is difficult to identify the homeless population without double counting.

Summary of Unmet Need for Assistance

For this Consolidated Plan, data was collected from the jurisdictions that have recently developed a Continuum of Care Strategy as part of their applications for McKinney Act funds for homeless assistance programs. In 1999, eight Washington counties and one city developed a Continuum of Care Strategy: Clark, Kittitas, King, Kitsap, Pierce, Snohomish, Whatcom, and Yakima Counties, and Spokane City. The remainder of the state collaborated with CTED to develop the Washington State Rural Homeless Assistance Program (RHAP). In each of these documents, the collaborating jurisdiction developed a Continuum of Care Gap Analysis, which estimated the daily homeless population, the current inventory of facilities that assist the homeless, and the unmet need based on the difference between the daily homeless population and the inventory of facilities. Each Continuum of Care Strategy had different methods to estimate the homeless population in their county. For example, the Clark County Continuum of Care Strategy used (1) a point in time survey, (2) shelter intake reports, and (3) the number of

[2] 42 U.S.C. § 11302(a)

calls to the Emergency Shelter Clearinghouse requesting assistance. Other Continuum of Cares used program statistics and waiting list data to estimate the total demand.

Table 25 summarizes the estimated need, inventory, and unmet need for the state of Washington by adding each of the Continuum of Care's gap analyses along with a gap analysis for the RHAP. Based on this approach, there are approximately 13,300 homeless individuals and 13,200 homeless persons in families with children on any given day in the state, for a total of more than 26,500 homeless on any given day.

The Interagency Council on the Homeless estimated that approximately 34 percent of the homeless population were in families with children.[3] The national study contrasts with the 1999 Washington State Emergency Shelter Assistance Program (ESAP) emergency shelter intake data, which reported that approximately 51 percent of homeless persons that accessed ESAP assisted shelters were in families with children. As summarized in Table 25, the portion of homeless persons in families with children that accessed shelters assisted through ESAP was significantly higher in areas outside of the Seattle/Tacoma/Bremerton Consolidated Metropolitan Statistical Area (CMSA). According to ESAP data, approximately 44 percent of the homeless persons served in the Seattle/Tacoma/Bremerton CMSA area were in families with children. This can be compared to ESAP assisted shelters in non-Metropolitan Statistical Areas (MSA), which served approximately 4,400 homeless persons in families with children, representing approximately 59 percent of the total homeless population served.

In addition to basic shelter, many homeless persons are in need of services. A 1996 national homeless study commissioned by the Interagency Council on the Homeless, estimated that approximately 39 percent of the homeless had suffered from a mental problem, and 64 percent had suffered from a drug and/or alcohol problem within the month prior to the survey.[4] The study also found that 56 percent of the mentally ill had drug or alcohol problems as well.

[3] *Homelessness: Programs and the People They Serve*, Interagency Council on the Homeless, The Urban Institute, December 1999.
[4] Ibid.

Homeless Individuals

This section discusses the estimated facilities needed to accommodate homeless individuals, supportive services that they require, and sub-populations of homeless individuals.

Facilities Need - Homeless Individuals

Based on the 1999 Continuum of Care strategies and the RHAP, there is a total estimated statewide need for approximately 2,500 emergency housing slots and 2,200 transitional housing units for homeless individuals on any given day. In addition, households in transitional housing require long-term solutions and may need permanent housing with supportive services. While transitional housing may be able to stabilize a person's housing status and potentially assist them in finding employment, they may need further long-term support services and affordable housing. This is especially the case for mentally ill and dually diagnosed persons in transitional housing; these groups often require longer-term assistance to maintain everyday life. The estimated unmet need for permanent supportive housing statewide is approximately 1,500 units.

Supportive Services Need – Homeless Individuals

Based on the gap analysis developed in the continuum of care strategies, approximately half of homeless individuals, or 6,900 homeless individuals, are in need of job training, and approximately 75 percent of homeless individuals are in need of case management. In addition, approximately 43 percent of homeless individuals are in need of drug or alcohol treatment and 41 percent are in need of mental health care. The largest percentage gap between the estimated need and available inventory of services is in alcohol and drug treatment, where the current service inventory only captured approximately 17 percent of the need.

Sub-Population Estimates – Homeless Individuals

Approximately 40 percent of homeless individuals (5,600 persons) are chronic substance abusers and 25 percent are seriously mentally ill. Another 20 percent of homeless individuals are dually diagnosed.[5] The smallest sub-population of homeless individuals is persons with AIDS or HIV, with approximately 640 individuals statewide.

Homeless Families with Children

As mentioned above, the estimated number of homeless people in families with children is approximately 13,200. Snohomish and Yakima Counties have a relatively high portion of homeless persons in families with children, with approximately 70 percent and 67 percent, respectively.[6]

Facilities Need - Homeless Families with Children

An estimated 2,400 homeless persons in families with children are assumed to require permanent supportive housing. The remaining 10,800 homeless people in families with children require either emergency shelter or transitional housing. Based on the Continuum of Care strategies and the RHAP, Washington has an unmet need of approximately 3,400 emergency shelter beds, 3,300 transitional housing beds/units, and 1,700 permanent housing beds/units.

[5] Dually diagnosed are those persons with both a mental and drug or alcohol addiction problem.

[6] These estimates are based on Yakima and Snohomish counties' continuum of care strategies.

Supportive Service Need – Homeless Families with Children
In addition, families with children need supportive services to assist them in reestablishing their self-sufficiency. Approximately 52 percent of homeless persons in families are in need of case management and 39 percent are in need of life skills training. Moreover, there is a large need for affordable childcare, with approximately 2,800 spaces needed on any given day.

Sub-Population Estimates - Homeless Families with Children
Based on the combined data, 17 percent of homeless families with children are victims of domestic violence, and 13 percent are chronic substance abusers. In addition, approximately seven percent of homeless persons in families with children are mentally ill.

Adequacy of Existing Homeless Facilities and Services

The Current Inventory column of Table 25 provides a summary of the existing homeless facilities and services available. The Unmet Need column subtracts the number in the Current Inventory column from the corresponding number in the Estimated Need column, to arrive at the unmet need. These estimates illustrate the statewide extent of demand substantially exceeding supply of facilities and services available to the homeless and special need populations.

Emergency Shelter
There are approximately 3,600 slots for homeless individuals and 2,400 slots for homeless persons with children. The majority of the emergency shelter providers offer referral, basic needs, and case management. There are also approximately 1,000 slots available for persons in families and 400 slots available for individuals that are victims of domestic violence.

For homeless individuals, existing facilities currently meet approximately 60 percent of the need for emergency shelter. For homeless persons in families with children, existing facilities meet approximately 40 percent of the need for emergency shelter, 35 percent of the need for transitional housing, and 30 percent of the need for permanent supportive housing.

Transitional Housing
There are approximately 1,300 transitional housing units for individuals and 1,700 units available for family households with children. Approximately 800 slots are available for family households in need of substance abuse treatment and 1,000 slots available for individuals in need of substance abuse treatment. Another 600 slots for mental health treatment are available for families and 2,100 slots for individuals that are seriously mentally ill.

Permanent Supportive Housing
According to the nine Continuum of Care strategies and the Rural Homeless Assistance Program, Washington has approximately 1,500 permanent supportive housing slots for homeless individuals, and 700 permanent supportive housing slots for homeless families with children. Existing facilities currently meet 41 percent of individuals' supportive housing need, and only 28 percent of the families with children supportive housing need.

Table 25: Washington State Homeless Gap Analysis

Table 26: Emergency Shelter Assistance Program, Families, Individuals and Turnaways

Households At-Risk of Homelessness

Many more persons are at-risk of becoming homeless than are actually homeless at any given point in time. For the purposes of this Needs Assessment, it is assumed that those households earning less than 30 percent of area median income (AMI), considered extremely low income, are at risk of becoming homeless. This assumption is made because, in most areas of Washington, extremely low-income households cannot obtain housing that is affordable, or lack sufficient disposable income or savings to buffer themselves during a household crisis. Households earning less than 80 percent of Area Median Income (AMI) and paying more than 50 percent of their household income towards housing (defined as "severely overburdened") are also at risk of becoming homeless.[7] While housing markets vary by area, severely overburdened households throughout the state tend to live from month to month, and could be dislocated with a household crisis, such as a prolonged illness that keeps a wage-earner away from work, or a separation in the household.

Table 27 summarizes households at risk of becoming homeless. Based on the 1990 Census information adjusted to reflect 1999 population numbers, approximately 279,200 Washington households are at-risk of becoming homeless.

Another indicator of persons at-risk of becoming homeless are the number of persons unemployed and/or receiving Temporary Assistance for Needy Families (TANF). Both populations have higher incidence of homelessness due to limited or fixed incomes. The number of unemployed persons and TANF households (formerly AFDC) has decreased substantially. From 1995 to 1998, the unemployment rate decreased from 6.4 percent to 4.6 percent and the number of households on TANF decreased from approximately 102,690 to 84,030.[8] This does not necessarily mean a reduction in the number of persons below the poverty level. In many cases, people leaving TANF and persons formerly unemployed are accepting low wage positions that keep them below the poverty line.[9] Notwithstanding, the estimated percentage of persons in poverty has decreased from 10.8 percent in 1995 to 8.9 percent in 1998.

Other populations that are at-risk of becoming homeless are those escaping domestic violence, persons with drug or alcohol dependency, and persons with mental health problems (these sub-populations are over-represented in the homeless population). Based on national statistics, 22 percent of homeless persons in families are victims of domestic violence. This can be compared to approximately 43,000 reported domestic violence incidences in the state in 1997. The number of incidences would represent less than one percent of the state population, if each reported incidence involved a first time victim. According to the Washington State Department of Health and Social Services' Mental Health Division, approximately 1.1 percent of the population is low-income and has a severe mental illness, but the concentration of persons with severe mental

[7] Persons earning more than 80 percent of AMI but paying more than 50 percent of their income towards housing are not considered at-risk of becoming homeless. A household earning above 80 percent of AMI can likely find housing and has likely made a conscious decision to overspend on housing. These households are likely to have sufficient income to buffer them from homelessness.

[8] Department of Social and Health Services (DSHS), February 2000. Washington Employment Security Department, December 1999.

[9] National Coalition for the Homelessness, http://nch.ari.net.html, September 1999.

illness among the homeless population is much higher (39 percent).[10] In addition, according to the Interagency Council on the Homeless, approximately 57 percent of homeless persons are estimated to have drug and alcohol dependency problems compared to an estimated 6.5 percent of the total population with a drug or alcohol treatment need.[11]

In summary, the needs for persons at-risk of becoming homeless are primarily financial and health-related. These needs can be addressed by providing sustainable employment, health care, and treatment for dealing with problems of alcohol and/or drug abuse, and basic health care. The at-risk population can also benefit from affordable housing development for low and extremely low-income households. Affordable housing reduces a low-income household's rent burden and subsequent likelihood of a household crisis causing dislocation or homelessness.

[10] An adult with a severe mental illness is defined as an adult with medium level disorder per the Washington State Needs Assessment Household Survey (WANAHS). In general, the survey defines an adult with a medium level disorder as a person that has a major WANAHS disorder and has a functional impairment, is a danger to themselves or others, and/or is dependent on the medical care system. The total is further narrowed by taking the estimated persons that are at or below 200 percent of the Federal Poverty, thereby obtaining an estimate for permanent supportive housing need. The Department of Health and Social Services' Mental Health Division, 1999.

[11] *Homelessness: Programs and the People They Serve,* Interagency Council on the Homeless, December 1999. *Tobacco, Alcohol, and Other Drug Abuse Trends in Washington State,* Department of Social and Health Services, Division of Alcohol Substance Abuse, January 1999.

Table 27

Homelessness by Ethnicity

Based on ESAP's 1999 emergency shelter statistics, there were a disproportionate number of African Americans, Hispanics and Native Americans that accessed ESAP shelters compared to their overall representation within the state population.[12] As summarized in Table 28, approximately 55 percent of homeless persons served were white compared to 83 percent for the state. African Americans made up 22 percent of the homeless population, compared to only 3.5 percent of the total population. The vast majority of the African-American homeless population accessed emergency shelters in the Seattle/Tacoma/Bremerton CMSA (90 percent).

Native Americans represented approximately six percent of the homeless population that accessed ESAP assisted shelters, compared to the overall share of state population at 1.6 percent. ESAP emergency shelter intake statistics also indicated a disproportionately higher representation of Hispanics in the homeless population with approximately ten percent of the persons served claiming Hispanic decent compared to Washington's overall population at six percent Hispanic. The Asian and Pacific Islander population had a lower proportion of homelessness compared to the state-wide ethnic composition; approximately 1.7 percent of the homeless population served were of Asian or Pacific Islander descent, compared to approximately 5.6 percent for the total state population.

[12] *ESAP Client Characteristics,* The Department of Commerce, Trade, and Economic Development, Housing Division, 2000. The Office of Financial Management has population estimates for 1998, which were used to compare the racial make-up of homeless clients to racial make-up of the state.

Table 28

Supportive Housing Needs for Persons Other Than Homeless

This section reviews the estimated supportive housing need of several different population groups that are not homeless, but have a range of special housing needs. Table 29 (similar to HUD Table 1B) summarizes the total estimated special need populations in Washington State, and the estimated housing need for these special needs housing populations.

To estimate supportive housing need, specific methodologies were utilized for each special population. Supportive housing needs were estimated based on state reports of total special need populations, refined by BAE estimates of population growth and income levels. With the exception of persons with developmental disabilities (described below), the following discussion results in an estimated number of each special needs population by low income, but does not account for existing affordable supportive housing inventory available to support these needs.

Elderly

Due to common data reporting, this Needs Assessment defines elderly as persons age 65 or older (HUD defines elderly persons as age 62 and older). According to the 1990 U.S. Census as updated by BAE to represent 1999 population estimates, there were approximately 453,000 elderly households in Washington State in 1999. Many elderly are in relatively good health, and require no special assistance with housing; therefore, the estimated need for supportive housing to serve the elderly (see Table 28) has been refined to reflect elderly households likely to have special needs that can be addressed through programs related to the Consolidated Plan. For the purposes of this Needs Assessment, Elderly Supportive Housing Need has been estimated based on extremely low and low income elderly households paying more than 50 percent of their income for housing in 1990, updated to reflect 1999 household data. Table 28 identifies approximately 38,500 households in Washington State meeting these criteria by 1999.

Due to the methodology of using housing cost burden as a factor in estimating this special need, the estimate partially accounts for affordable housing already in place to serve the elderly (as these units presumably would not create an excessive cost burden by definition). The methodology however, does not account for additional affordable housing supply built to serve the elderly in Washington State during the 1990s (due to the lack of data cross-tabulations for cost burden by age and income; these will be available in approximately 2003 from 2000 Census data). Nevertheless, this growing population will require affordable supportive housing with a range of services in future years; according to the Office of Financial Management, persons 65 years of age and older will increase from approximately 655,000 in 1999 to 808,000 by 2010.[13]

[13] *Forecast of the State Population by Age and Sex: 1990-2020,* Office of Financial Management, State of Washington, November 1999.

Frail Elderly
For purposes of this Needs Assessment, the frail elderly are defined as persons 65 years and older with a self-care limitation (a refinement of the HUD definition, which considers all elderly age 85 and older to be "frail."). Due to advanced age and self-care limitations, the frail elderly typically require some type of supportive living environment, which may include an assisted living community, a skilled nursing facility, or an independent living setting with in-home care. In 1999, approximately 9.4 percent of the elderly households age 65 or older, approximately 54,100 elderly households, had a household member with self-care limitations. BAE further refined this estimate by incorporating income, estimating those frail elderly households earning less than $25,000 a year in 1999, which corresponds roughly to HUD income limits for 50 percent AMI for a family of four. BAE multiplied the total elderly households (65+) earning less than $25,000 a year in 1999 by the percentage of elderly persons estimated to have a self-care limitation.[14] Based on these calculations, there were approximately 20,600 households that included an elderly person with a self-care limitation and earned less than $25,000 in 1999.

Persons with a Severe Disability
The U.S. Census Bureau estimated that approximately 797,000 Washington State residents had at least one disability and were 16 years of age or older in 1990. This estimate includes frail elderly persons, persons with mental illness, persons with developmental disabilities, and persons with physical disabilities. Disabled persons often have barriers to quality employment opportunities and conventional housing. In addition, they often need accessible housing units and may require on-site services for basic care.

Severely disabled persons are likely to have a greater need for on-site services because they have major physical or mental disabilities that hamper everyday activities. The U.S. Census Bureau defines severely disabled persons as anyone that needs personal assistance with activities of daily living (ADL) or with instrumental activities of daily living (IADL); uses a wheelchair; is a long term user of a cane, crutches, or a walker; has a developmental disability or Alzheimer's disease; is unable to do housework; and/or is unable to work at a job or business. Based on this definition, approximately 400,000 severely disabled persons aged 16 and older lived in Washington State in 1990.[15]

BAE eliminated double counting between the frail elderly and severely disabled persons, by calculating the number of severely disabled persons aged 16 to 64.[16] Within this age category and projected to represent 1999 population estimates, approximately 282,000 severely disabled persons lived in Washington State in 1999. BAE further narrowed the estimated housing need

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[14] Claritas Inc. projects income by age at the household level, but provides 1999 estimates for persons with a personal care limitation as a percentage of the population. BAE assumes that roughly the same percentage of the elderly population with a self-care limitation can be attributed to the elderly household population. This provides a rough estimate of assisted living demand in the state of Washington.

[15] *Americans with Disabilities, Current Population Reports,* U.S. Department of Commerce, Economics and Statistics Administration, August 1997.

[16] The U.S. Census Bureau estimated the severely disabled population by age group at the national level. Approximately 59 percent of the severely disabled population were between 16 and 64 years old. BAE multiplied this national percentage to the total severely disabled population in Washington State to proximate the number of people aged 16 to 64 with a severe disability living in the state in 1990. This model assumes that the state's distribution of severely disabled persons by age is the same as the national distribution.

by taking those persons with disabilities that prevented them from working and in households that earned less than 200 percent of the federal poverty level. Based on these assumptions, 79,800 Washington State residents aged 16 to 64 had a severe disability and were in households that earned less than 200 percent of the Federal Poverty Level in 1999.

Persons with Severe Mental Illness

Persons with severe mental illness have reduced economic opportunities and often need supportive care to maintain basic living standards. As discussed earlier, persons with severe mental illness are at greater risk of becoming homeless than the population in general and often have difficulty sustaining economic independence. In their worst condition, a person with a severe mental illness can be a threat to him/herself and be unable to provide for his/her basic needs. While the state continues to provide emergency care and – in some cases – institutionalized care, many persons with a severe mental illness need permanent supportive housing that provides basic supervision and treatment when necessary.

The Mental Health Division of the Washington State Department of Social, Health, and Human Services (DSHS) conducted an extensive study of mental health need within Washington in October of 1994.[17] *The Prevalence Estimation of Mental Illness and Needs for Services* (PEMINS) study surveyed 7,000 adults in the state of Washington to find the relative prevalence of mental illness based on three basic categories of need: broad, medium, and narrow. An adult categorized under the broad definition has any of the Washington State Needs Assessment Household Survey (WANAHS) disorders[18] and (1) has a functional limitation, (2) uses mental health services or desires mental health services, (3) is a danger to self or others or (4) is unable to provide for his/her basic self care needs. An adult categorized under the medium definition has a major mental disorder[19] and also exhibits one of the four dysfunctions or dependence as mentioned above. An adult categorized under the narrow definition has a major mental disorder and exhibits two or more of the four dysfunctions or dependence. In addition, the PEMINS study estimated the mental health need by persons at or below 200 percent of the federal poverty level by County. These calculations were represented in 1998 population estimates.

For purposes of this Needs Assessment, the estimated supportive housing need for persons with a severe mental illness were defined as those adults categorized under the "medium" definition of mental health services need and with household incomes at or below 200 percent of the federal poverty level. These adults exhibit some form of long term care or treatment and have limited resources to find appropriate housing and/or care. Based on the PEMINS study, there were approximately 167,500 adults with a medium mental health need in 1998; of the 167,300 adults, 60,300 adults were in households earning less than 200 percent of federal poverty level in 1998. These estimates were projected to represent 1999 population estimates to give a total estimated need of 61,100 adults with a severe mental illness. It is likely that many of these adults do not need long term permanent supportive housing, but can benefit from transitional housing and

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[17] Kabel, Joe, Holzer, Charles, *Prevalence Estimation of Mental Illness and Need for Services (PEMINS),* Washington State Department of Social and Health Services, Mental Health Division, University of Texas Medical Branch, 1999.

[18] WANAHS disorders include major depressive disorder, anxiety disorder, psychosis, manic episode, generalized anxiety disorder, and panic attacks.

[19] WANAHS considers generalized anxiety and a panic episode as not major mental disorders.

outpatient care that would maintain their quality of life. Others of the estimated 61,000 adults are in need of permanent supportive housing, providing on-site care to sustain basic living standards.

Persons with a Developmental Disability
Developmentally disabled persons often need long term residential care to sustain a basic quality of life. The Department of Social, Health and Human Services' (DSHS) Division of Developmental Disabilities can accommodate approximately 8,000 persons with a developmental disability a year in its residential programs.[20] Based on *An Analysis of Unmet Service Needs for Washington State,* the Division of Developmental Disabilities has a shortage of residential care slots for developmentally disabled persons. Along with a shortage of residential care slots, DSHS reported falling well short of providing case management services to persons with developmental disabilities. According to the *Workload Standards Study,* the estimated caseload per resource manager was 1 to 141, which was the highest caseload ratio nationally in 1997 (the national average was 1 to 40).[21] From 1995 to 1999, developmental disability caseloads in Washington State increased from 22,000 to 30,000, and are anticipated to increase to 35,700 caseloads by 2001. Overall, the Division of Developmental Disabilities reported a shortage of resources to serve persons with developmental disabilities.

For purposes of this Needs Assessment, the estimated housing need for persons with a developmental disability is defined as the anticipated shortage of residential care slots for eligible persons with a developmental disability by 2001. According to the *Analysis of Unmet Service Needs for Washington State,* there will be approximately 4,500 persons with a developmental disability that will be eligible to receive residential care but will be denied access due to lack of available slots. The Division of Developmental Disabilities based these estimates on its current waiting list, unmet need caseload studies, and turnover rates minus the projected level of services and residential care slots that are anticipated to be available in 2001.

Persons with Alcohol and Drug Addiction Problems
Many households with drug dependency problems are at-risk of becoming homeless and require stable living environments during drug recovery. As discussed in the homeless section, existing homeless services have the capacity to serve only 22 percent of the homeless need for substance abuse treatment. Along with homeless demand for substance abuse treatment, non-homeless persons are also in need of treatment. Based on a state report conducted by the Division of Alcohol and Substance Abuse in 1994, there were approximately 399,000 adults in need of alcohol/drug treatment.[22] The Division of Alcohol and Substance Abuse surveyed 7,000 adults and estimated the approximate need for substance abuse treatment by County (See Appendix E for county estimates of substance abuse treatment need). According to these estimates, non-metropolitan areas had a slightly lower need for substance abuse treatment compared to more densely populated areas. For example, 5.1 percent and 4.9 percent of Columbia County's and

[20] Research and Data Analysis, *An Analysis of Unmet Service Needs for Washington State's Division of Developmental Disabilities,* Washington State Department of Social, and Health Services, December 1999.
[21] Fact Sheet: *Workload Standards Study: Case/Resource Management in the Division of Developmental Disabilities*, Washington State Department of Social, and Health Services, September, 1999.
[22] Beretta, Gina, *Tobacco, Alcohol, and Other Drug Abuse Trends in Washington State,* The Division of Alcohol and Substance Abuse, January 1999.

Adams County's population had a need for substance abuse treatment, respectively; compared to 8.3 percent of King County's total population and 8.4 percent of Spokane County's total population.

This Needs Assessment defines this supportive housing need as adults with a current need for substance abuse treatment and earning less than 200 percent of the federal poverty level, adjusted to represent 1999 population estimates. Based on these criteria, there are approximately 114,500 low-income adults with a need for substance abuse treatment.

Persons with AIDS/HIV

Persons with AIDS are often unable to obtain long-term employment because of the higher rate of missed workdays due to illness, and may also experience housing problems due to misconceptions or stereotypes associated with the disease. Many persons with AIDS/HIV are at-risk of becoming homeless due to the costs for health care and treatment and, in many cases, simultaneous loss of employment. National AIDS/HIV studies have found that approximately 3.4 percent of the homeless population have AIDS or HIV, while less than one percent of the national population has AIDS or HIV.[23]

It is important to note that the state of Washington does not track persons with HIV, only persons with AIDs. The number of persons newly diagnosed with AIDS in the state of Washington dropped significantly from 1995 to 1998; in 1995, there were 892 cases, declining to 426 reported cases by 1998.[24] Washington State also experienced a decline in the number of deaths from AIDS, from 639 deaths in 1995 to 132 deaths in 1998.

Due to the lack of data on the number of persons infected with HIV, this Needs Assessment estimates the need for supportive housing based solely on persons with AIDs in 1998. Based on this assumption, the total estimated housing need is approximately 400 units. While new AIDS cases are decreasing, persons with AIDS are living longer, and therefore likely need longer-term supportive housing.

[23] CDC AIDS Data Set, *http://hivinsite.ucsf.edu*, 1997

[24] The Washington State Department of Health does not track person with HIV. The Washington State Department of Health, December 1999.

Farmworkers

As indicated previously in this Needs Assessment, many Washington State counties have economies dominated by agriculture, and some of these counties are experiencing increased employment in agricultural industries. One important component of this agriculture-dependent economic base is the prevalence of migrant and seasonal agriculture workers. According to the Washington State Employment Security Department (ESD), total agricultural employment rose 7.5 percent between 1990 and 1997. Much of the increase in agricultural employment is related to the expansion of orchard acreage with its corresponding job growth. Overall, the state's agricultural industry hired 67,000 workers in 1995, increasing to 70,000 by 1999.[25] Agricultural employment (and associated farmworker housing need) is concentrated in eastern Washington counties, which accounted for approximately 80 percent of total agricultural employment in 1998.

In 1994, CTED estimated the housing need for migrant and seasonal agricultural worker housing in eight rural counties.[26] While this study did not review each county's farmworker housing demand, it provided insight into farmworker housing need in rural areas of the state. The study used previous crop production studies that calculated the demand for migrant and seasonal farmworker labor to estimate the total housing demand during peak agricultural seasons in the eight subject counties. In addition, the study reviewed affordable public and private housing that could be accessed by farmworkers. CTED estimated a migrant and seasonal farmworker demand for 56,600 units during peak agricultural season in 1994.[27] While CTED was unable to estimate the unit demand for other counties, the report did mention that in 1994, Adams, Klickitat, Walla Walla, and Whatcom Counties had a peak demand of over 2,500 agricultural workers. According to the Washington State Department of Health (DOH) estimates, approximately 62,300 migrant farmworkers need housing at approximately 1,000 Washington farms over the course of a year. In 1996, there was a statewide total of licensed on-farm housing at 182 farms for 9,600 workers. Because of regulatory and financing barriers, growers have actually reduced the amount of on-farm housing in recent years.

Due to the lack of updated information on the number of units available and affordable for migrant and seasonal farmworkers, the estimated farmworker housing need shown on Table 24 is the number estimated for the eight counties as identified in the 1994 report. As discussed earlier in this section, that study identified need for approximately 56,600 units for farmworker households. Since 1994, state and federal sources have financed an additional 196 units of farmworker housing. Key housing and social service providers in central and eastern Washington interviewed for this Needs Assessment indicated that seasonal and migrant labor characteristics might have changed since the 1994 study. They stated that a larger percentage of farmworkers have become permanent residents in Washington, with permanent housing needs. In addition,

[25] Covered agricultural employment includes nearly all hired workers. Major exceptions are school youth, certain family members, and most corporate officers. *Agricultural Workforce in Washington State, 1998,* Employment Security Department, Labor Market Analysis Branch, July 1999.

[26] D'Alessandro, Al, *Estimate of the Need for Additional Migrant and Seasonal Agricultural Worker Housing,* March 1994.

[27] The peak agricultural seasons were September and October, according to the *Estimate of Migrant and Seasonal Farmworkers in Washington State* published in 1993.

they believe that many persons counted as migrant workers were actually permanent residents in one location within Washington, but temporarily migrate to other counties during that county's peak growing season. While there is no quantitative evidence to corroborate these perceptions, these shifts within migrant farmworker housing patterns could dramatically change housing assistance need for agricultural counties and should be further studied.

Table 29 (HUD Table 1B): Special Needs of the Non-Homeless

Barriers to Affordable Housing

While the cost, supply and availability of housing in Washington are affected by market forces, public policies at all levels of federal, state, and local government can also influence the provision of affordable housing. Federal economic policies affect migration and employment in Washington, leading to cycles of local market demand. Federal finance policies such as FHA mortgage insurance requirements, the federally chartered secondary mortgage market, and the lending regulations also have significant effects on housing. Federal housing policies regarding reductions in direct housing subsidies and income transfer payments impact the ability of lower-income people to afford housing. In addition, the interrelationships between federal policies can impact housing production and costs in Washington. For example, policies to protect endangered species and maintain environmentally sensitive areas can affect employment, income, and capacity for housing production. Energy policies may conflict with federal air quality standards.

Many of these federal policies affecting housing are beyond the reach of state of Washington actions. This section focuses on state policies which may affect housing affordability, in accordance with the *Draft Guidelines for Preparing a Consolidated Plan Submission for Local Jurisdictions* (U.S. Department of Housing and Urban Development), which recommends that Consolidated Plans address barriers such as "tax policy affecting land and other property, land use controls, zoning ordinances, building codes, fees and charges, growth limits, and policies that affect the return on residential investment." Because this Needs Assessment addresses housing and non-housing community development across a large geographic area with diverse types of potential barriers to affordable housing, the following discussion summarizes key issues on a statewide basis.

Taxation and Fiscal Policies

The state of Washington has a unique set of taxation policies that have evolved historically and are still undergoing dynamic change. Three of the most significant aspects of Washington's taxation policies that affect affordable housing production are the absence of income taxation, a strong legislative history of local control leading to a proliferation of special purpose service districts, and a prohibition on using state credit to finance public improvements. All of these combine to limit the amount of funds available to assist affordable housing production, and also limit the amount of funds available to provide for coordinated infrastructure systems needed to support housing development in underserved areas of the state.

The state of Washington does not tax personal income, creating a strong reliance on other forms of taxation such as sales tax, business and occupations tax, real property tax, and special fees and assessments. While an analysis of the direct impacts of this set of revenue sources is beyond the scope of this Needs Assessment, it is important to note that limitations on state revenue sources constrain the ability of the state to provide affordable housing subsidies or state tax credits, and increase its reliance on federal and local funding sources.

According to the *Final Report of the Washington State Local Governance Study Commission,* Washington has more than 1,400 special purpose districts, the highest number per capita of any state in the U.S., creating a set of challenges to the provision of infrastructure sufficient to support new housing development. Washington's taxation and governance policies are rooted in the strong preference by pioneering Washingtonians for local determination. In this spirit, the distribution of taxing power and the responsibility for delivery of public services have been fragmented among the state, counties, cities/towns, and special districts since Territorial days. According to key informant interviews conducted for this Needs Assessment, the proliferation of single purpose special districts and the complex tax structure necessary to support them has resulted in the absence of economies of scale and coordination, leading to cases of insufficient infrastructure capacity to support new housing development.

A third set of policies relates to legal constraints on use of state credit to finance infrastructure and housing programs.

In contrast to the potential barriers posed by taxation policies, the state of Washington provides a package of tax advantages to encourage affordable housing. These include:

- Earnings from rental property are not subject to state taxation.
- Property tax relief for qualified low-income elderly or disabled homeowners.
- Property tax exemption for emergency shelters, transitional housing, and certain non-profit owned or operated rental housing.

Land Use and Zoning

During the last 50 years, many communities set up zoning regulations that resulted in limitations on housing development. Sometimes apartments were prohibited in many commercial districts and large areas of residential land. Developers were required to create parking spaces. Small, less expensive lots were outlawed in numerous places. Local planning and zoning to provide affordable housing was not required. Population growth put additional pressure on the housing supply.

To accommodate growth in rapidly growing jurisdictions, the state has implemented the Growth Management Act (GMA), a comprehensive law directing new development primarily into existing urbanized areas where urban services and infrastructure were already in place. The GMA directs most cities and counties to develop comprehensive plans with land use, transportation, and housing elements, as well as capital improvement plans to encourage infill housing and more compact development.

Each comprehensive plan must include a housing element, which is required to describe how housing demand will be accommodated through a variety of housing types and densities and to provide sufficient appropriately zoned land to meet future housing needs for all economic segments of the population. In order to ensure that local communities do not underestimate population growth, the level of population growth that must be accommodated is forecast annually by the state budget office in some of the fastest growing areas, participating jurisdictions have agreed to "fair share" housing goals.

The comprehensive planning law places central responsibility for land use on cities and counties. To avoid the potential that local decision making may not fully accommodate the needs of wider regions, the law requires each planning county and the cities within it to develop common policies to ensure consistency between their comprehensive plans and development regulations. Countywide agreement on such policies has been reached by nearly all participating jurisdictions. This is expected to prevent shifting of the obligation to accommodate a fair share of affordable housing among jurisdictions in a county.

Although the comprehensive planning approach has improved growth management in the state, some local jurisdictions have faced the challenge of accommodating growth in the face of citizen opposition to individual project proposals. In order to forge new approaches to accommodating housing demand and affordable housing need, OCD has funded the King County Regional Housing Project, a process that will involve community outreach and strategic planning to develop a "tool kit" of local policies and programs with broad community acceptance.

Development Impact Fees/Infrastructure

Washington's fiscal situation is limited by state statute from using state credit to finance capital improvements and affordable housing at the local level. However, to facilitate funding, the state created enabling legislation to allow assessment of development impact fees through the GMA. The impact fees can only be used for certain kinds of infrastructure, like schools and roads. These fees are set at the local level by elected officials who may be reluctant to amend their planning and development procedures to impose politically unpopular fees. School districts and other special districts, may be measurably affected by a local jurisdiction's decision to grow without concomitant capital and operating funds.

A review of media articles indicated that imposition of development-related impact fees has been unpopular, and some jurisdictions have delayed implementing fee programs for as long as possible. At the same time, some communities are identifying insufficient funds to meet capital and service needs.

Environmental Policies

Communities in the state of Washington face a host of environmental regulations that affect new development of affordable housing, along with other development projects. These important regulations seek to preserve and improve the environmental quality of Washington's rich natural resources; however, they tend to likely add to the cost of building affordable housing units in certain locations, or otherwise constrain potential development sites.

For example, state and local environmental review, modeled after the National Environmental Protection Act (NEPA), has focused on the mitigation of impacts of individual projects, although this project review occurs late in the development process. While most development projects do not receive extensive environmental review, this process has sometimes delayed, defeated, or added requirements to individual projects, increasing the time and cost of housing development.

Another example of perceived environmental barriers to affordable housing production is the Clean Water Program, overseen by the Washington State Department of Ecology to ensure compliance with federal and state law regarding water quality. In some rural areas, inadequate infrastructure has resulted in non-compliance in terms of sewage treatment, leading to self-imposed or court-ordered connection moratoriums or partial bans on new connections. According to the Department of Ecology, there are currently 17 communities in Washington

State with these moratoriums or limitations on new connections, preventing or severely constraining housing development, including:

- Colville
- Woodland
- Royal City
- Lewis County, District 2
- Raymond
- Kittitas
- Ilwaco
- Ritzville
- South Prairie
- Davenport
- McCleary
- Medical Lake
- Pe Ell
- South Bend
- Tieton
- Toledo
- Town of Reardan
- Wilkeson

Other recent environmental changes such as the National Marine Fisheries Act of 2000, which impacts the habitats supporting salmon in the Pacific Northwest, also affect the ability to develop new affordable housing units. This act proscribes limitations on construction near waterways that contribute to the salmon population, creating additional environmental assessment steps for housing developers to obtain clearance for some projects.

Zoning & Subdivision Standards

Insufficient amounts of residentially zoned land or zoning designations at low densities can impact the cost and amount of housing produced statewide. As part of the Growth Management Act comprehensive planning, participating counties and the cities within their boundaries must zone sufficient areas to accommodate needed housing. Moreover, many jurisdictions are amending their zoning ordinances to promote inclusionary provisions that require that a proportion of new developments be affordable to households under a specified income level.

The State Legislature has also promoted allowance of accessory units in single-family residential zones, and many jurisdictions have included this provision in their revised zoning codes. In addition, the state has prepared a model ordinance for use by local governments to facilitate the siting of manufactured housing parks.

In a further effort to popularize innovative zoning techniques more housing-friendly subdivision standards, the Legislature directed CTED to fund a research project, *Housing Affordability and Density* (completed in 1992 by the University of Washington). The study explored design issues associated with high density and showed ideas for more compact housing communities. The study suggested changes to the state's longstanding subdivision regulations to eliminate affordable housing barriers such as unnecessarily wide street requirements, which can impede the development of affordable housing by increasing subdivision infrastructure costs.

Manufactured Housing

The issue of acceptance of manufactured housing is one that many communities continue to struggle with. Although this is an increasingly popular and affordable form of housing, 40 percent of the state's jurisdictions do not allow siting of manufactured housing on single family lots.

Fair Access to Housing Opportunities

Housing discrimination can take many forms including racial or ethnic discrimination by landlords and owners, discrimination against persons with disabilities and economic discrimination based upon the amount and type of income a person receives. Some communities are reluctant to accept certain types of housing including higher density forms of housing, manufactured housing communities and accessory dwelling units.

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Lead Based Paint

Households that live in units with lead based paint are at-risk of lead poisoning. People can become poisoned by breathing or swallowing lead dust, or by eating soil or paint chips with lead in them. Children living in housing units with lead based paint are at a greater risk of lead poisoning because they have a greater tendency to place their hands or dust covered objects in their mouths, and young children are more likely to eat paint chips, which increases blood lead levels. Elevated blood lead levels in children can cause damage to the brain and nervous system, hearing problems, headaches, and slow growth. Adults with elevated lead blood levels can experience digestive problems, problems during pregnancy, nerve disorders, memory and concentration problems, muscle and joint pain and high blood pressure.[28]

The Washington State Department of Health (DOH), Office of Toxic Substances completed two reports on lead hazards in the state of Washington. The first report reviewed lead poisoning in low and moderate-income communities in Yakima, Tacoma, Spokane, and Bellingham from 1994 to 1995.[29] The second report evaluated the implementation of the Residential Lead Based Paint Hazards Reduction Act of 1992 in 1997.[30] Both studies provide insight into lead based paint poisoning within Washington. Based on those reports, approximately 1.56 million homes in Washington State were built before 1978 and pose a potential public health risk from lead-based paint (after 1978, the sale of residential lead based paint was banned). Although it is likely that some of these housing units have been renovated and their lead-based paint removed, while others likely never had lead-based paint, there continues to be a number of housing units that present a real public health danger to their inhabitants.

According to the *Analysis of Lead Hazard*, there are approximately 310,000 children under the age of seven living in older housing units that potentially contain lead-based paint. Based on the same report, any children living in a housing unit built before 1978 with deteriorating, ill-maintained paint, or undergoing extensive paint removal or renovation are at risk of lead-based paint poisoning. The Washington State Department of Health estimates as many as 24,000 children under the age of seven have elevated blood lead levels due to lead paint poisoning.[31]

In general, low-income households tend to live in older housing units that place them at increased risk of lead based paint poisoning than higher income households. CTED estimated that approximately 1,136,000 housing units have lead based paint with more than half of those housing units (728,400) occupied by low-income households.[32] CTED defined high-risk areas as neighborhoods with units built before 1978, occupation of low-income families with young

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[28] *U.S. E.P.A. Information Pamphlet*, Environmental Protection Agency, www.hud.gov/lea/leadhelp.html, 1999.

[29] *Residential Environmental Lead Survey: Yakima, Tacoma, Spokane, and Bellingham,* Washington State Department of Health, Office of Toxic Substances, July 1997.

[30] *Analysis of Lead (Pb) Hazard Reduction Legislation: Implications for Washington State,* Washington State Department of Health, Office of Toxic Substances, April 1998.

[31] The Department of Health estimated the number of children aged seven or younger based on the number of births in Washington since 1990. Based on national studies, a four percent figure was used to estimate the number of children with lead-based poisoning.

[32] J. Michaels, *Lead-Based Paint in Housing in Washington,* CTED, July 1995.

children under the age of five and poor building maintenance. According to CTED, there were approximately 44,600 families in poverty with children under age five that are likely to be at a higher risk of lead-based paint poisoning because they tend to live in older, poorly maintained, rental housing.[33]

With a grant from the Environmental Protection Agency (EPA) in 1994, DOH studied four Washington cities with a large proportion of housing units built before 1978: Tacoma, Yakima, Bellingham, and Spokane. The study focused on neighborhoods that had a large proportion of houses built before 1960, households with children under three years of age, and families with incomes below the poverty level. From 1994 to 1995, 430 households and 470 children participated in the study. DOH reported that approximately 93 percent of the housing units studied had lead-based paint outside and 50 percent had lead based paint inside. Four percent of those children had elevated blood levels, and 72 percent of those children with elevated blood lead levels were nonwhite. DOH concluded that the child's age, house dust, and ethnicity were significant predicators of elevated blood levels.[34] The study also found that Yakima participants were significantly poorer than participants in other cities and were less likely to be aware of the potential risks of exposure to lead poisoning in the home.

In summary, there are approximately 728,000 low-income households that occupy the estimated 1.14 million housing units with lead-based paint. Those low-income households are at higher risk with many of them living in poorly maintained housing units. In addition, many lower income communities continue to be unaware of the potential risk of lead-based paint poisoning as per the results of the DOH 1994 to 1995 field survey.

The presence of lead paint in older housing units will be somewhat reduced as new regulations became effective on September 15, 2000. These regulations, contained in Title 24 of the Code of Federal Regulations, part 35, require local jurisdictions utilizing federal funding for housing rehabilitation projects to prepare and implement lead-based paint management plans. The Environmental Protection Agency is expected to issue regulations on remodeling and renovation in 2001, which could affect weatherization programs.

[33] J. Michaels, *Lead-Based Paint in Housing in Washington,* CTED, July 1995.

[34] *Residential Environmental Lead Survey: Yakima, Tacoma, Spokane, and Bellingham*, Washington State Department of Health, Office of Toxic Substances, July 1997, Pg. 1.

Non-Housing Community Development Needs

There are many types of non-housing community development need in Washington. In general, these can be classified as physical development of infrastructure to support communities, such as community facilities (e.g., senior centers, teen centers, libraries), sewage treatment facilities, roads, public transportation, and related capital improvements. Communities also require programs to address a host of social issues such as business attraction and retention, job training, job placement, crime prevention, and childcare.

Overview: The 2001 Consolidated Plan Community Survey
As part of the consultation process for this Consolidated Plan, a statewide survey of local governments, private and non profit developers, economic development agencies, real estate brokers, and related organizations was conducted (see Appendix A for list of types of survey recipients). The agency mailed more than 1,500 survey forms, and a total of 341 responses were received. Two versions of the survey were used, a "short form" for entitlement communities with a focus on affordable housing utilizing the state's HOME funds (entitlement communities prepare their own Consolidated Plans to address CDBG funding strategies), and a "long form" for non-entitlement communities to address both affordable housing and non-housing community development issues.

Table 30A and 30B summarize the survey results. Of the total 341 responses received, 47 were from entitlement communities, and 294 were from non-entitlement communities. Respondents from both types of communities usually represented local planning or community development departments, followed by affordable housing developers and homeless service providers.

Respondents were asked to rate a series of housing and community development issues in their service area as either "needs met," "needs unmet," or "don't know/does not apply." For both entitlement and non-entitlement communities, affordable housing issues were most frequently identified. For entitlement communities, who were asked primarily about housing-related unmet needs, the most frequently identified unmet need was affordable housing for families, followed by shelter/services for families, shelter/services for singles, and transitional housing for singles.

For the non-entitlement communities, the survey presented a broader listing of potential unmet needs related to non-housing community development, including workforce development for youth and for adults, child care, job creation/retention, job placement services, and infrastructure needs. Non-entitlement communities identified affordable housing for families as the most important unmet need, followed by transitional housing, shelter/homeless services, and transitional housing for both singles and families. The most frequently identified unmet need not related to housing for this survey population was affordable childcare, followed closely by job creation/job retention and after school programs for youth. Workforce development for both youth and adults were also considered as frequently unmet, along with the need for community centers and services for domestic violence. Infrastructure needs and loans to small business were not considered unmet as often. Workforce development pertains to support services required to remove barriers that keep people from entering and staying in a job. These type of services can include subsidized childcare, training, drug counseling and the like.

The most frequent response from non-entitlement communities' to an open-ended question regarding the single most important issue facing their community other than housing was lack of business/industries/jobs, followed closely by lack of affordable housing and low wages. Recommended strategies to address these issues included attracting industry, additional job training, and additional funding for social services to enhance community development.

Table 30A: Community Survey Results

Table 30B: Survey Results

Infrastructure Needs

The state of Washington has an extensive unmet need for infrastructure, particularly in the more rural areas. The fragmentation of public financing available for these improvements has exacerbated the situation, making it difficult to fund even serious unmet needs for basic community infrastructure in some locations. The lack of adequate infrastructure impacts both the ability to attract and retain businesses and employment, as well as, in some cases, the ability to support new affordable housing development.

In 1998, the Legislature authorized the *Local Government Infrastructure Study*. This effort, directed by the Public Works Board, in consultation with CTED, assessed local government infrastructure needs anticipated from 1998 through 2003, and the sources and amounts available to fund improvements. Source data included local government capital facilities plans; interviews with finance, planning, and public works personnel; and focus groups with local government planning and funding officials. Infrastructure categories analyzed included roads, bridges, domestic water systems, sanitary sewer systems, and storm water systems.

In summary, the study found the following funding needs (detail by county is included in Appendix H):

Table 31: Summary of Infrastructure Funding Needs

	Roads	Bridges	Domestic Water	Sanitary Sewer	Storm Water	TOTAL
Funding Needs	$3.70 B	$0.39 B	$1.68 B	$1.82 B	$0.57 B	$8.16 B
Funding Available	$2.15 B	$0.25 B	$1.10 B	$1.34 B	$0.27 B	$5.11 B
Funding Gap	$1.55 B	$0.14 B	$0.58 B	$0.48 B	$0.30 B	$3.05 B
% Gap	41%	35%	35%	26%	52%	38%

As highlighted by these figures, critical basic infrastructure needs that would support community development and job attraction/retention, such as domestic water and sanitary sewer improvements, are projected by the study to be sorely underfunded in the next few years. The study further found that these figures are likely under-representative of the actual funding needs and gaps, as many jurisdictions did not include other capital improvement projects which are needed but for which no funding is available or expected during the planning horizon.

To address a portion of these identified infrastructure needs, the *Washington State Public Works Board 2000 Legislative Report* recommended $222.4 million of public works projects for construction funding this year. These projects include requests for $123.4 million from the Public Works Trust Fund, with the balance of funds to be secured from other sources. Applications not recommended for Trust Fund approval totaled $16.1 million. In addition, the Trust Fund operates programs for capital facilities' planning, pre-construction, and emergency construction projects.

Key informant interviews conducted throughout the state for this Needs Assessment also indicated a link between lack of infrastructure and the ability to provide for both community development and affordable housing production, particularly in more remote rural areas. For example, there was anecdotal evidence that lack of sewage treatment capacity or non-compliant water systems limited the ability of communities to produce new affordable housing developments. In turn, lack of sufficient housing (either market rate or affordable) limited the ability of communities to attract employers. Moreover, lack of public transit in certain areas means that residents' ability to access employment and services is severely limited, impeding community development.

Social Service Needs

This section describes social service needs in terms of data indicators for a variety of social issues pertaining to children, youth, and adult programs (see Appendix H for data tables).

In addition to the statewide overview provided below, County Profiles contained in Volume 2 describing each county's community development needs includes a summary of the top three needs cited by local Community Action Agencies (CAA's). These agencies are the recipients of Community Service Block Grants (CSBG) augmented by Community Development Block Grants (CDBG), allocated annually by the state through the Department of Community, Trade, and Economic Development (CTED). As part of the application process for these CSBG grants, each CAA must submit an Action Plan that identifies the top three service needs and strategies to meet these needs using the funding. It should be noted that because these CAA priority needs are location-specific, they are not summarized in this section on a statewide basis.

Children in Poverty

An indicator of children living in poverty is the number of public school students eligible for the federal free lunch program. Public schools offer free lunch to students in families that are at or below the federal poverty level through the United States Department of Agriculture. As part of this program, the school district documents all eligible public school students in families that are at or below the federal poverty level. Although pertaining only to public school children, the data underscore the proportions of families in poverty across counties. For example, in school year 1998-99, 7.4 percent of public school students in Island County were eligible for the free lunch program compared to 58.4 percent of Franklin County public school students during the same school year. Other counties with high rates of public school students eligible for the free lunch program include Yakima County (49.6 percent), Adams County (48.9 percent), Pend Oreille County (46.3 percent), and Ferry County (45.7 percent).

Child Care

The unmet need for child care among low and moderate income families in Washington State depends on factors including the availability and affordability of care services, the quality of services, and the age mix of children needing services. In general, these factors affect childcare needs across the U.S. and have been further exacerbated for low-income families with the implementation of welfare-to-work programs requiring low-income mothers to obtain employment.

Research for this Needs Assessment did not identify any recent statewide child care needs assessments, a finding that may warrant further attention in the strategic plan portion of this document, particularly given the frequently mentioned "most important unmet need" for childcare identified by the Community Survey as described earlier in this report.

A 1992 study entitled *Child Care Use in Public Assistance Households* (Washington State Institute for Public Policy) examined child care use among Washington households receiving public assistance in 1988 and 1991. The study found that most public assistance households used informal childcare (given by a relative, a non-relative, or a parent who works at home or cares for the child at work). However, there was a shift toward formal child care (licensed family home, preschool, or childcare center) among these households between 1988 and 1991. This shift may have occurred for several reasons such as an increase in the availability of formal care, the availability of childcare funding, the aging of the children in the sample, and the increase in family resources. The study also found that in 1988, over three quarters of the public assistance households were satisfied with their child care arrangement, with relatively even levels of satisfaction reported for informal care, formal care, and school.

The affordability of childcare was analyzed on a preliminary basis for this Needs Assessment by utilizing data from Washington Kids Count, which tracks the conditions of children and families in Washington State.[35] In 1997, Washington Kids Count compiled average certified childcare cost information by county, based on data from the Department of Social and Health Services. For this Needs Assessment, the average per-child cost of child care by county was divided by the median household income to create an indicator of relative child care affordability in each county (see Appendix H for detailed table). Based on these calculations, the average certified childcare cost represented approximately 11.5 percent of median household income statewide in 1997. Okanogan and Pacific Counties were among the least affordable counties in terms of child care, with average certified care costs consuming approximately 19 percent of Okanogan County's and 17 percent of Pacific County's median household income. Although King County had the highest average cost for childcare in the state, the cost was only about 11 percent of King County's median household income in 1997, slightly below the state rate.
It is important to note that this indicator does not address child care affordability for specific populations, particularly low income single parents facing significant cost burdens in order to work. Further analysis is needed to assess the need for additional affordable childcare across the state.

Teenage Pregnancy
Teenage pregnancy can create early hardship on young adults and reduce their likelihood of finishing high school and continuing on to college, resulting in fewer economic opportunities. High levels of teenage pregnancies therefore indicate a need for early family planning to prevent teenage pregnancy and GED continuation school for teenage mothers. The Department of Health records teen pregnancies by adding the sum of abortions, births and miscarriages for females 19 years old or younger. The Washington State Department of Health documented 28,046 teen pregnancies in 1998, which was slightly lower than in 1996.

Teen pregnancy rates (number of pregnancies per 1,000 teen women aged 12 to 19), in the state have gradually decreased from 95.2 teenage pregnancies per 1,000 female teenagers in 1990 to 80.5 in 1995 to 71.2 teenage pregnancies per 1,000 female teenagers in 1998. From 1990 to 1998, the teenage pregnancy rate decreased more rapidly for teen women aged 15 to 17 (26 percent decline) than for those aged 18 to 19 (19 percent decline).

[35] *County Profile of Child and Family Well-Being,* Washington Kids Count, 1999.

High School Drop-Outs
The Washington State high school dropout rate was slightly lower in the 1996-97 school year compared to the national average. In the 1996-97 school year, the Superintendent of Public Instruction documented approximately 11,900 high school dropouts, 4.2 percent of the total high school population. The state dropout rate decreased by approximately 3.7 percent annually from 1994-95 to 1996-97. Counties with high dropout rates include Skagit County (8.3 percent), Franklin County (7.9 percent), Yakima County (7.8 percent), Chelan County (7.5 percent), and Douglas County. Skagit County experienced a significant increase in its high school drop out rate from 267 dropouts in 1994-95 to 457 dropouts in 1996-97.

Youth Violent Crime Arrests
Violent crime can be an indicator of a lack of youth structured activities, violence prevention programs, and adult supervision, which help to prevent youth crime. Youth crime arrests do not necessarily provide the complete picture of youth crime because each police or sheriff department has disparate levels of capacity and are likely unable to arrest all youths who committed violent crimes. Notwithstanding, youth crime arrests provide quantitative evidence of youth violence by reporting jurisdiction. The Washington Association of Sheriffs and Police Chiefs defines youth violent arrests as reported arrests of persons 18 and younger for murder, manslaughter, burglary, rape, and/or assault. According to the Washington Association of Sheriffs and Police Chiefs, violent youth arrests increased from 13,800 in 1995 to 16,800 arrests in 1997.[36] Approximately 14 percent of all convicted murderers in 1997 were under 18 years of age, and 16 percent of all murder victims were under 18 years of age.

In 1997, Adams County ranked first in the proportion of violent youth arrested per 1,000 County residents, with approximately 8.5 violent youth arrest per 1,000 residents. Other counties that had higher violent youth arrests as a portion of the county's population compared to the state include Cowlitz County (7.5 percent per 1,000 residents) and Chelan County (6.6 percent per 1,000 residents).

Crime
Based on the Washington Association of Sheriffs and Police Chiefs annual report, the state has substantially less reported crime than national levels. In 1997, the Washington Association of Sheriffs and Police Chiefs recorded approximately 59 reported crimes per 1,000 Washington State residents, compared to 132 reported crimes per 1,000 U.S. residents. In other words, the reported crime rate in Washington State was less than half the national rate in 1997. All of Washington's counties had reported crime rates lower than the national average. Yakima ranked highest in the state, with approximately 74 reported crimes per 1,000 residents. King and Walla Walla Counties followed Yakima County, at 73.2 and 70.5 reported crimes per 1,000 residents, respectively.

English as a Second Language & Adult Literacy
English language proficiency plays an essential role in economic opportunity, because adults with limited English language proficiency can face difficulty in obtaining employment. English

[36] A number of police and sheriff departments did not report crime statistics in 1995 but reported crimes in 1997, thereby skewing the increase in violent crime for Washington State.

as a Second Language (ESL) education can expand employment opportunities for those adults. The National Center for Education Statistics projects 1990 U.S. Census Bureau county data on the percentage of the adult population (25+) that speak English poorly or not at all for Counties in 1998; thereby indicating a need for ESL education.

Washington State has a significantly lower proportion of adults that speak limited English or none at all than the U.S. In 1998, only two percent of Washington's population faced this obstacle, compared to approximately 23 percent of the adult population for the nation. Counties with high proportions of adults who do not speak English well or at all are Franklin County (12 percent), Adams County (eight percent), and Yakima County (seven percent).

In addition to limited English speaking skills, many more adults are illiterate, which can also affect employment opportunities. The National Center for Education Statistics reports on state and county literacy survey results to estimate the literacy level of adults. In general, an adult with a Level 1 Literacy Proficiency is unable to complete a job application and can not write basic sentences. Washington is above the national average in literacy, with approximately 15 percent of adults at a Level 1 Literacy Proficiency, compared with 22 percent for the nation (this number includes adults that may be able to write and read in their native language, but are illiterate in English). In 1998, Franklin County, Yakima County, and Adams County ranked first, second and third highest in the state, respectively, for the proportion of illiterate adults, corresponding with their relatively high ESL needs. Pacific County ranked fourth for the percentage of adult residents with a Level 1 Literacy Proficiency, but ranked tenth for the percentage of adults that speak little English or none at all, indicating a higher level of illiteracy regardless of their English speaking proficiency.

Health Care

According to the U.S. Census Bureau's current population survey, approximately 12 percent of Washington's residents did not have health insurance, compared to 16.3 percent of the national population in 1998. Washington State ranked 13th in the nation for percentage of the state population with health insurance.[37]

While the percentage of persons with health coverage is above the national average, access to primary health care services continues to be a problem in rural areas. The Department of Health completed a recent analysis on potentially avoidable hospitalizations in Washington State, and estimated approximately 52,000 unnecessary hospitalization in 1996.[38] Approximately 11,000 of those unnecessary hospitalizations were due to inadequate access to essential health services due to language and cultural barriers, lack of facilities, and/or lack of public transportation. Of particular concern were rural areas, Native Americans, refugees, migrant and seasonal workers, and children. According to the study, approximately 98 percent of the state's population lived within 30 minutes of general acute care hospitals, but 36 census divisions in 20 rural counties lived further than 30 minutes from these services. The study also indicated that 14 rural counties are without public transportation, limiting access to basic and preventive care

[37] *Health Insurance Coverage, Current Population Reports,* United States Census Bureau, 1998.
[38] *Access to Essential Health Services, Revised Indicators,* Washington State Department of Health, 1998.

Along with a lack of access to nearby health care facilities, many more counties do not have enough primary health care providers. The lack of primary care providers adversely affects the health of those poorly serviced communities. At its worst, patients do not seek or defer preventive or maintenance care for health problems until their condition becomes emergent. According to the Department of Health, Health Service Areas (HSA) – which are zip codes clustered around health care facilities – should have at least one health care provider per 1,500 persons. Counties where most of the HSA's in the county are below this standard are Asotin County, Adams County, Grays Harbor County, Mason County, Wahkiakum County, Skamania, and the eastern areas of Whatcom and Skagit Counties.[39]

Substance Abuse

As discussed in the Special Needs section, approximately 399,000 adults in Washington State needed substance abuse treatment in 1998. The Department of Social and Health Services estimated that 106,087 adults were living below 200 percent of the federal poverty level and therefore eligible for treatment. Approximately 21 percent of those eligible adults sought treatment from the Division of Alcohol and Substance Abuse in 1998.

Nutrition

The Emergency Food Assistance Program (EFAP) collects statistics from over 300 food pantries across the state. From July of 1998 to June of 1999, EFAP provided 65 million pounds of emergency food to 1,194,424 unduplicated clients in Washington State, of which 45 percent were 18 years old or older. While the number of unduplicated clients has slightly decreased since 1996, the total pounds of food distributed and the average number of visits per person have increased. In 1996, food bank clients averaged 4.45 visits, increasing to 5.05 average visits per client by 1999. In addition, the average household size of food bank clients increased from 3.08 to 3.17 persons during the same period.

Economic Development Needs

The need for economic development, including business attraction/retention/expansion along with job training/job placement is necessary to reduce unemployment and strengthen the vitality of rural communities. By focusing on these economic development needs, low and moderate-income households will benefit. OCD has published guides to assist local jurisdictions with integrating economic development strategic planning into growth management plans. OCD also provides substantial assistance to local jurisdictions in terms of business loans for start-up, expansion, and attraction. In addition, OCD is currently undertaking an internal agency discussion regarding how to better integrate its economic and community development services.

Due to the lack of available data on economic development needs across the state, the following discussion approaches this subject by profiling several key initiatives, along with summaries of Community Survey results and key informant interviews conducted for this Needs Assessment.

Business Retention/Expansion/Attraction

As described previously, this category of issues was the most frequently mentioned non-housing challenges facing respondents to the 2001 Consolidated Plan Community Survey. The state of

[39] *Availability of Primary Health Care Services, Revised Indicators,* Washington State Department of Health, 1998.

Washington's "distressed community" measurement found that from 1996 through 1998, 26 of the state's 39 counties met this criteria (more than 20 percent higher unemployment than the statewide average rate for the period), underscoring the need for more economic development.

Key informant interviews conducted for this Needs Assessment included discussions with local economic development councils, revolving loan fund administrators, and economic developers. Although concerns related to business retention, expansion, and attraction varied from key informant to key informant, and among various regions facing different economic trends, several common themes were present. These included the concept that many of Washington's counties suffer from low wage job concentrations, leading to a circle of low household incomes, lack of ability to afford housing and child care, and increased need for social services to combat the cycle of poverty affecting the working poor. Many key informants suggested that until the level of wages offered in the community could be increased, this cycle of poverty was likely to continue, even if more affordable housing and services were funded.

The strong interest in building economic bases with higher wage jobs, particularly in more rural areas, has led to an emphasis on assisting businesses with micro-lending (to enhance start-up and small expansions) as well as more traditional economic development lending to attract new employers. Some communities were also interested in improving their roads, sewage/wastewater/water systems, and telecommunications infrastructure to support new industry.

It should be noted that the research for this Needs Assessment did not identify any broad-based economic base analysis that could assist the state in assessing local economic development needs. This lack of information suggests that an important strategy of the 2001 to 2005 Consolidated Plan may be to frame a method for assessing local economic strengths, weaknesses, and opportunities, particularly in distressed counties experiencing relative economic decline or stagnation.

Job Training/Job Placement: WorkFirst Program

Temporary Assistance for Needy Families (TANF) is the federal program that replaced the Aid to Dependent Children program under 1996 federal welfare reform legislation. TANF provides block grants to states that provide assistance and work programs for needy families. In order to implement federal welfare reform legislation, Washington created WorkFirst, a welfare reform program that helps people in low-income families find jobs, keep their jobs, find better jobs and become self-sufficient.

In effect since late 1997, WorkFirst has been designed to move families on welfare into employment as quickly as possible through upfront job search, work experience activities and short-term education and training. Four state agencies jointly carry out the program: Department of Social and Health Services; Employment Security Department; State Board of Community and Technical Colleges; and Office of Community Development. In addition, local employers, tribal governments, Private Industry Councils, transportation entities and community-based, nonprofit organizations are key partners in providing services to WorkFirst participants.

Since the program began in 1997, WorkFirst has helped nearly 90,000 welfare recipients move into the workforce, while, the number of families receiving TANF has dropped by 40 percent since January 1997, to about 58,000. At the current rate, the difference between federal welfare funding and actual state costs due to the reduction in TANF recipients is providing Washington an additional $60 million per year to reinvest in WorkFirst efforts.

WorkFirst Study Project – Preliminary Findings

The Employment Security Department is conducting the WorkFirst Study Project, a longitudinal study that will track 3,000 families over five years to examine the long-term process of getting off and staying off welfare. Preliminary information from the first 931 interviews is summarized below:

Impressions - Over 70 percent of respondents reported a favorable impression of the WorkFirst program. Almost two-thirds believed that the program has helped them become more self-sufficient. Over half thought it very unlikely that they will be receiving Temporary Assistance for Needy Families (TANF) benefits in one year.

Education and Training - Education levels for the WorkFirst sample were much lower than for the general state population. Approximately one quarter did not have a high school diploma or GED. However, another quarter had at least some college education. Over half of the respondents dropped out of grade school or high school at some point, with the most common reason being parenthood; about half later returned to complete a diploma or GED. Over 40 percent attended vocational or occupational school since July 1998, most frequently in the form of on-the-job training.

Employment Activities - Nearly two-thirds of the WorkFirst sample worked in the first year covered by the data (July 1998 to June 1999). Employment rates steadily rose after March 1999, when the entire sample received TANF grants. Average workweeks varied between 31 to 35 hours. Sample members who worked and reported 20 or more hours earned $5,460 in median annual earnings for the first study year.

Wealth-Building: Individual Development Accounts

Currently in draft form, the state of Washington is proposing to implement the federal Individual Development Account (IDA) program with an aggressive match. The IDA concept proposes to create savings accounts for low-income families to be used for higher education, first time home purchases, or business capitalization. Families who have received Temporary Assistance for Needy Families (TANF), who make 150 percent of the federal poverty level or less, and who have at least one child would be eligible to open an account.

The state has proposed to match $2 for every $1 saved by the participant, with total state contribution not to exceed $4,000 (allowing for a total account of $6,000). The state's match would be available for three years after the participant opens the account, or until a child no longer lives in the home, whichever comes first. A total of $1.8 million has been proposed as the initial state investment in this concept, allowing for funding of 350 to 400 accounts. The program will be implemented through contracts with local community-based organizations (CBOs). The state plans to offer counseling and to require participants to attend financial skill building classes. Local funding is encouraged to enhance the wealth-building capabilities of this new mechanism.

Washington-Community Economic Revitalization Team, Priorities by County (The WA-CERT List)

The ***Washington Community Economic Revitalization Team (WA-CERT)*** was created to respond to locally defined needs with a system that is flexible and innovative. WA-CERT is an information clearinghouse, not a funding source. It coordinates technical and financial assistance provided by federal, state, and other sources to prioritized local and tribal projects. It is a trouble-shooter and engages in conflict resolution. It serves the 31 rural counties of the state and the tribal governments located therein.

WA-CERT is a partnership between ten federal and three state agencies, tribal governments, local governments, public ports, economic development councils, not-for-profits, and lending institutions. WA-CERT members are Governor-appointed. The WA-CERT Economic Development Subcommittee is the project development "work horse."

Structure—The essence of WA-CERT is:

1. The numeric prioritization of priority projects at the county and tribal government level.
2. Coordination of federal and state agency response to those priorities with appropriate technical and financial assistance.
3. Tracking investments to demonstrate responsiveness to local priority projects and the financial commitments, leverage, and partnerships required for those projects.

Accomplishments—WA-CERT has been active since December 1993. Accomplishments include:

- Developing a *single point of entry* for federal and state programs serving designated rural natural resources impact areas.
- Creating an approach for *seamless service delivery that maximizes partnerships* between technical assistance, funding programs, and regulatory agencies. This includes identification and removal of impediments to effective service delivery. Improvements include agencies working from one environmental impact statement, sharing applications for funding, and having one agency manage the contracting for all financial partners in a project.
- Providing training to rural communities through the WA-CERT Rural Communities Symposium, workshops, videoconferences, and one-on-one consultations.
- Over $300 million in state and federal resources invested in local priority projects since 1994.

Quality Improvement—WA-CERT practices "*just in time management*." It was awarded the *Reinventing Government Hammer Award* in 1994, and *Blue Ribbon Practices John J. Gunther Award* in 1998. Guided by Methods of Operation, WA-CERT uses its meetings, held in a different rural community each month, to gain input on policies and processes. WA-CERT incorporates that input into its policies and operations: The WA-CERT monitors project development and implementation via a database. It utilizes performance measures to evaluate implementation of the Economic Adjustment Initiative[40] and the Economic Vitality Initiative.

WA-CERT lists are published by each of the 33 participating counties, and summarize community and economic development project priorities. These project priorities are updated as often as quarterly by county and tribal governments. These project priorities help guide technical and financial assistance investment decisions of federal and state agency partners in the Washington-Community Economic Revitalization Team system. The List is available from the Office of Trade and Economic Development or on the Internet at www.cted.wa.gov. For more information, please call Karin Berkholtz at(360) 725-4025.

Community Services Block Grant (CSBG)

The state passes federal CSBG funds through to 31 Community Action Agencies. The connection between this program and Community Development Block Grants is CDBG's Public Services funding category, which Community Action Agencies can use. This section summarizes how Community Action Agencies have used funds from that CDBG funding program.

Needs, Methods of Assessment, Sources of Data and Results**:**

The state passes Community Services Block Grant (CSBG) funds through to thirty-one Community Action Agencies (CAA), using an approved formula based on poverty. These agencies were designated by the Governor to serve portions of counties, all of a county, or groups of neighboring counties.

For planning purposes, each CAA must assess local needs at least once every three years. Each local agency's board--composed of locally elected officials, representatives of private business, and low-income persons--sets its own priorities and then identifies strategies for addressing these priorities as part of its Community Action Plan.

The top three priorities of need in each county, as identified by each CAA, can be found in the DRAFT Washington State 2001 Consolidated Plan Needs Assessment, Volume 2 under "Community Development Needs." Of thirty-one Community Needs Assessments, twenty considered employment opportunity and affordable housing to be the highest priorities.

The connection between the Community Action Agencies and Community Development Block Grant is block grant's Public Services funding program. In 1999, fifteen Community Action Agencies used CDBG Public Service funds to serve twenty-one of the state's thirty-one distressed counties.

For information call Ed Barton at (360) 725-2852 or email at edb@cted.wa.gov

[40] The Economic Adjustment Initiative is a component of President Clinton's Forest Plan for the Pacific Northwest and Northern California. As of July 1, 1999 WA-CERT expanded its service delivery from the 20 designated Rural Natural Resources Impact Areas to the 31 designated rural counties of the state.

Appendix A: List of Consultation Participants

Allan, Tani – Washington State Lenders Network
Bullamore, Bruce – Affordable Housing Developer
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Hugo, Linda – Northwest Regional Facilitators
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Taylor, John – Adams County Economic Development Corporation
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Thane, Brien – Office of Rural Farm Worker Housing
Torpie, Scott – Department of Ecology
White, Megan – Department of Ecology, Water Quality
Williams, Michael – Kittitas County Community Action Council
Yokhum, John – Department of Social and Health Services, Division of Research and Data Analysis

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Appendix C: Demographic and Economic Trends

Appendix D: Housing Market Conditions

Appendix E: Inventory of Affordable Housing Units

Appendix F: Homeless Gap Analysis

Appendix G: Special Needs

Appendix H: Non-Housing Community Development Indicators